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WEALTH OF NATIONS.

VOL. III.

AN INQUIRY

INTO

THE NATURE AND CAUSES

OF THE

WEALTH OF NATIONS,

BY

ADAM SMITH, LL.D.

WITH A COMMENTARY,

BY THE

AUTHOR OF "ENGLAND AND AMERICA."

VOL. III.



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WEALTH OF NATIONS.

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the town both with the materials of their work, and the means of their subsistence. The quantity of the finished work which they sell to the inhabitants of the country, necessarily regulates the quantity of the materials and provisions which they buy. Neither their employment nor subsistence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finished work; and this demand can augment only in proportion to the extension of improvement and cultivation. Had human institutions, therefore, never disturbed the natural course of things, the progressive wealth and increase of the towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory or country.

In our North American colonies, where uncultivated land is still to be had upon easy terms, no manufactures for distant sale have ever yet been established in any of their towns. When an artificer has acquired a little more stock than is necessary for carrying on his own business in supplying the neighbouring country, he does not, in North America, attempt to establish with it a manufacture for more distant sale, but employs it in the purchase and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the easy subsistence which that country affords to artificers, can bribe him rather to work for other people than for himself. He feels that an artificer is the servant of his customers,

from whom he derives his subsistence; but that a planter who cultivates his own land, and derives his necessary subsistence from the labour of his own family, is really a master, and independent of all the world.

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon easy terms, every artificer who has acquired more stock than he can employ in the occasional jobs of the neighbourhood, endeavours to prepare work for more distant sale. The smith erects some sort of iron, the weaver some sort of linen or woollen manufactory. Those different manufactures come, in process of time, to be gradually subdivided, and thereby improved and refined in a great variety of ways, which may easily be conceived, and which it is therefore unnecessary to explain any further *.

In seeking for employment to a capital, manufactures are, upon equal or nearly equal profits, naturally preferred to foreign commerce, for the same reason that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more secure than that of the manufacturer, so the capital of the manufacturer, being at all times more within his view and command, is more secure than that of the foreign merchant. In every period, indeed, of every society, the surplus

* Dr. Chalmers has furnished a much fuller classification of society, into the *agricultural*, the *secondary*, and the *disposable*.—E.

part both of the rude and manufactured produce, or that for which there is no demand at home, must be sent abroad in order to be exchanged for something for which there is some demand at home. But whether the capital, which carries this surplus produce abroad, be a foreign or a domestic one, is of very little importance. If the society has not acquired sufficient capital both to cultivate all its lands, and to manufacture in the completest manner the whole of its rude produce, there is even a considerable advantage that that rude produce should be exported by a foreign capital, in order that the whole stock of the society may be employed in more useful purposes. The wealth of ancient Egypt, that of China and Indostan, sufficiently demonstrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progress of our North American and West Indian colonies would have been much less rapid, had no capital but what belonged to themselves been employed in exporting their surplus produce.

According to the natural course of things, therefore, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is so very natural, that in every society that had any territory it has always, I believe, been in some degree observed. Some of their lands must have been cultivated before any considerable towns could be established,

and some sort of coarse industry of the manufacturing kind must have been carried on in those towns, before they could well think of employing themselves in foreign commerce.

But though this natural order of things must have taken place in some degree in every such society, it has, in all the modern states of Europe, been, in many respects, entirely inverted. The foreign commerce of some of their cities has introduced all their finer manufactures, or such as were fit for distant sale; and manufactures and foreign commerce together have given birth to the principal improvements of agriculture. The manners and customs which the nature of their original government introduced, and which remained after that government was greatly altered, necessarily forced them into this unnatural and retrograde order*.

* As the division of employments, nay industry itself, depends on the power of exchanging, manufactures are as much a cause of improvement in agriculture, as improvement in agriculture is a cause of manufactures; and that order of things which takes place in America when a town is established in the desert, and land is afterwards cultivated to supply the town, appears to be neither unnatural nor retrograde.—E.

CHAPTER II.

Of the Discouragement of Agriculture in the ancient State of Europe after the Fall of the Roman Empire.

WHEN the German and Scythian nations overran the western provinces of the Roman empire, the confusions which followed so great a revolution lasted for several centuries. The rapine and violence which the barbarians exercised against the ancient inhabitants, interrupted the commerce between the towns and the country. The towns were deserted, and the country was left uncultivated, and the western provinces of Europe, which had enjoyed a considerable degree of opulence under the Roman empire, sunk into the lowest state of poverty and barbarism. During the continuance of those confusions, the chiefs and principal leaders of those nations acquired or usurped to themselves the greater part of the lands of those countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were soon engrossed, and the greater part by a few great proprietors.

This original engrossing of uncultivated land, though a great, might have been but a trans-

evil. They might soon have been divided again, and broke into small parcels either by succession or by alienation. The law of primogeniture hindered them from being divided by succession: the introduction of entails prevented their being broke into small parcels by alienation.

When land, like moveables, is considered as the means only of subsistence and enjoyment, the natural law of succession divides it, like them, among all the children of the family; of all of whom the subsistence and enjoyment may be supposed equally dear to the father. This natural law of succession accordingly took place among the Romans, who made no more distinction between elder and younger, between male and female, in the inheritance of lands, than we do in the distribution of moveables. But when land was considered as the means, not of subsistence merely, but of power and protection, it was thought better that it should descend undivided to one. In those disorderly times, every great landlord was a sort of petty prince. His tenants were his subjects. He was their judge, and in some respects their legislator in peace, and their leader in war. He made war according to his own discretion, frequently against his neighbours, and sometimes against his sovereign. The security of a landed estate, therefore, the protection which its owner could afford to those who dwelt on it, depended upon its greatness. To divide it was to ruin it, and to expose every part of it to be oppressed and swallowed up by the incur-

sions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately, indeed, but in process of time, in the succession of landed estates, for the same reason that it has generally taken place in that of monarchies, though not always at their first institution. That the power, and consequently the security of the monarchy, may not be weakened by division, it must descend entire to one of the children. To which of them so important a preference shall be given, must be determined by some general rule, founded not upon the doubtful distinctions of personal merit, but upon some plain and evident difference which can admit of no dispute. Among the children of the same family, there can be no indisputable difference but that of sex, and that of age. The male sex is universally preferred to the female; and when all other things are equal, the elder everywhere takes place of the younger. Hence the origin of the right of primogeniture, and of what is called lineal succession.

Laws frequently continue in force long after the circumstances, which first gave occasion to them, and which could alone render them reasonable, are no more. In the present state of Europe, the proprietor of a single acre of land is as perfectly secure of his possession as the proprietor of a hundred thousand. The right of primogeniture, however, still continues to be respected, and as of all institutions it is the fittest to support the pride of family distinctions, it is still likely to endure for

centuries. In every other respect, nothing can be more contrary to the real interest of a numerous family than a right which, in order to enrich one, beggars all the rest of the children *.

Entails are the natural consequences of the law of primogeniture. They were introduced to preserve a certain lineal succession, of which the law of primogeniture first gave the idea, and to hinder any part of the original estate from being carried out of the proposed line either by gift, or devise, or alienation; either by the folly, or by the misfortune of any of its successive owners. They were altogether unknown to the Romans. Neither their substitutions, nor fideicommisses bear any resemblance to entails, though some French lawyers have thought proper to dress the modern institution in the language and garb of those ancient ones.

When great landed estates were a sort of principalities, entails might not be unreasonable. Like what are called the fundamental laws of some monarchies, they might frequently hinder the security of thousands from being endangered by the caprice or extravagance of one man. But in the present state of Europe, when small as well as great estates derive their security from the laws of their country, nothing can be more completely absurd.

* In most of the states of modern Europe, and especially in this country since the Revolution, the possession of a large estate has enabled the owner to quarter his younger children on the public; not to mention his own receipts from the public purse.—E.

They are founded upon the most absurd of all suppositions, the supposition that every successive generation of men have not an equal right to the earth, and to all that it possesses; but that the property of the present generation should be restrained and regulated according to the fancy of those who died perhaps five hundred years ago. Entails, however, are still respected through the greater part of Europe, in those countries particularly in which noble birth is a necessary qualification for the enjoyment either of civil or military honours*. Entails are thought necessary for maintaining this exclusive privilege of the nobility to the great offices and honours of their country; and that order having usurped one unjust advantage over the rest of their fellow-citizens, lest their poverty should render it ridiculous, it is thought reasonable, that they should have another. The common law of England, indeed, is said to abhor perpetuities, and they are accordingly more restricted there than in any other European monarchy; though even England is not altogether without them. In Scotland more than one-fifth, perhaps more than one-third part of the whole lands of the country, are at present supposed to be under strict entail.

Great tracts of uncultivated land were, in this manner, not only engrossed by particular families, but the possibility of their being divided again was as much as possible precluded for ever. It seldom

* And *profits*.—E.

happens, however, that a great proprietor is a great improver. In the disorderly times which gave birth to those barbarous institutions, the great proprietor was sufficiently employed in defending his own territories, or in extending his jurisdiction and authority over those of his neighbours. He had no leisure to attend to the cultivation and improvement of land. When the establishment of law and order afforded him this leisure, he often wanted the inclination, and almost always the requisite abilities. If the expense of his house and person either equalled or exceeded his revenue, as it did very frequently, he had no stock to employ in this manner. If he was an economist, he generally found it more profitable to employ his annual savings in new purchases, than in the improvement of his old estate. To improve land with profit, like all other commercial projects, requires an exact attention to small savings and small gains, of which a man born to a great fortune, even though naturally frugal, is very seldom capable. The situation of such a person naturally disposes him to attend rather to ornament which pleases his fancy, than to profit for which he has so little occasion. The elegance of his dress, of his equipage, of his house, and household furniture, are objects which from his infancy he has been accustomed to have some anxiety about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embellishes perhaps four or five hundred acres in the neighbour-

hood of his house, at ten times the expense whi the land is worth after all his improvements; a finds that if he was to improve his whole estate the same manner, and he has little taste for a other, he would be a bankrupt before he h finished the tenth part of it. There still remain both parts of the united kingdom some great e tates which have continued without interruption the hands of the same family since the times feudal anarchy. Compare the present condition those estates with the possessions of the small pr prietors in their neighbourhood, and you will r quire no other argument to convince you how u favourable such extensive property is to improv ment.

If little improvement was to be expected fro such great proprietors, still less was to be hop for from those who occupied the land under the In the ancient state of Europe, the occupiers of la were all tenants at will. They were all or almo all slaves: but their slavery was of a milder kin than that known among the ancient Greeks an Romans, or even in our West Indian colonie They were supposed to belong more directly to t land than to their master. They could, therefor be sold with it, but not separately. They cou marry, provided it was with the consent of the master; and he could not afterwards dissolve t marriage by selling the man and wife to differe persons. If he maimed or murdered any of the he was liable to some penalty, though general

but to a small one. They were not, however, capable of acquiring property. Whatever they acquired was acquired to their master, and he could take it from them at pleasure. Whatever cultivation and improvement could be carried on by means of such slaves, was properly carried on by their master. It was at his expense. The seed, the cattle, and the instruments of husbandry were all his. It was for his benefit. Such slaves could acquire nothing but their daily maintenance. It was properly the proprietor himself, therefore, that, in this case, occupied his own lands, and cultivated them by his own bondmen. This species of slavery still subsists in Russia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the western and south-western provinces of Europe, that it has gradually been abolished altogether*.

But if great improvements are seldom to be expected from great proprietors, they are least of all to be expected when they employ slaves for their workmen. The experience of all ages and nations, I believe, demonstrates that the work done by slaves, though it appears to cost only their maintenance, is in the end the dearest of any. A person who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible. Whatever work he does beyond what

* Considering that where land is extremely cheap, slavery is the only means by which labour can be employed in combination, and surplus produce be obtained, the next paragraph seems to be full of error.—E.

is sufficient to purchase his own maintenance, can be squeezed out of him by violence only, and not by any interest of his own. In ancient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the master when it fell under the management of slaves, is remarked by both Pliny and Columella. In the time of Aristotle it had not been much better in ancient Greece. Speaking of the ideal republic described in the laws of Plato, to maintain five thousand idle men (the number of warriors supposed necessary for its defence) together with their women and servants would require, he says, a territory of boundless extent and fertility, like the plains of Babylon *.

The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors†. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the service of slaves to that of freemen. The planting of sugar and tobacco can afford the expense of slave cultivation. The raising of corn, it seems, in the present times, cannot. In the English colonies, of which the principal produce is corn, the far greate

* But the labour of slaves being combined, is more productive than the much divided labour of freemen. The labour of freemen is more productive than that of slaves, only when it comes to be combined by means of greater dearness of land, and the system of hiring for wages.—E.

† Not the pride of man, but his wish to obtain more of the produce of labour than he could himself consume, seems to have been the cause of slavery.—E.

part of the work is done by freemen. The late resolution of the Quakers in Pennsylvania to set at liberty all their negro slaves, may satisfy us that their number cannot be very great. Had they made any considerable part of their property, such a resolution could never have been agreed to. In our sugar colonies, on the contrary, the whole work is done by slaves, and in our tobacco colonies a very great part of it. The profits of a sugar plantation in any of our West Indian colonies are generally much greater than those of any other cultivation that is known either in Europe or America: and the profits of a tobacco plantation, though inferior to those of sugar, are superior to those of corn, as has already been observed. Both can afford the expense of slave cultivation, but sugar can afford it still better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our sugar than in our tobacco colonies*.

To the slave cultivators of ancient times, gradually succeeded a species of farmers known at present in France by the name of Metayers. They are called in Latin, Coloni Partiarii. They have been so long in disuse in England, that at present I know no English name for them. The proprietor furnished them with the seed, cattle, and instruments of husbandry, the whole stock, in short, necessary

* Corn may be raised, though not in any large surplus quantity, without combination of labour; but the raising of tobacco, and still more of sugar, requires the constant employment of a great many hands in the same work.—E.

for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after setting aside what was judged necessary for keeping up the stock, which was restored to the proprietor when the farmer either quitted, or was turned out of the farm.

Land occupied by such tenants is properly cultivated at the expense of the proprietor, as much as that occupied by slaves. There is, however, one very essential difference between them. Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so. A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease by making the land produce as little as possible over and above that maintenance. It is probable that it was partly upon account of this advantage, and partly upon account of the encroachments which the sovereign, always jealous of the great lords, gradually encouraged their villains to make upon their authority, and which seem at last to have been such as rendered this species of servitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe*. The time and man-

* The increase of people, and consequent scarcity of land, sufficiently account for the abolition of slavery in some countries. In countries where land remains very cheap, either all the people are in a state of barbarism, or some of them are in a state of slavery.—E.

ner, however, in which so important a revolution was brought about, is one of the most obscure points in modern history. The church of Rome claims great merit in it; and it is certain that so early as the twelfth century, Alexander III. published a bull for the general emancipation of slaves. It seems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almost universally for several centuries afterwards, till it was gradually abolished by the joint operation of the two interests above mentioned, that of the proprietor on the one hand, and that of the sovereign on the other. A villain enfranchised, and at the same time allowed to continue in possession of the land, having no stock of his own, could cultivate it only by means of what the landlord advanced to him, and must, therefore, have been what the French call a Metayer.

It could never, however, be the interest even of this last species of cultivators to lay out, in the further improvement of the land, any part of the little stock which they might save from their own share of the produce, because the lord, who laid out nothing, was to get one-half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one-half, must have been an effectual bar to it. It might be the interest of a metayer to make the land produce as much as could be brought out of it by

means of the stock furnished by the proprietor it could never be his interest to mix any part own with it. In France, where five parts six of the whole kingdom are said to be still pied by this species of cultivators, the prop complain that their metayers take every tunity of employing the master's cattle rat carriage than in cultivation; because in th case they get the whole profits to themselv the other they share them with their landlord. species of tenants still subsists in some parts o land. They are called steel-bow tenants. ancient English tenants, who are said by Baron Gilbert and Doctor Blackstone to hav rather bailiffs of the landlord than farmers pr so called, were probably of the same kind.

To this species of tenancy succeeded, thou very slow degrees, farmers properly so called cultivated the land with their own stock, pa rent certain to the landlord*. When such f have a lease for a term of years, they may times find it for their interest to lay out part o capital in the further improvement of the because they may sometimes expect to reco with a large profit, before the expiration lease. The possession even of such farmers ever, was long extremely precarious, and sti

* In by far the greater part of the world,—in all co perhaps, except Great Britain and the Low Countries farmers form but a small proportion of the agricultur —E.

in many parts of Europe. They could before the expiration of their term be legally ousted of their lease, by a new purchaser; in England, even by the fictitious action of a common recovery. If they were turned out illegally by the violence of their master, the action by which they obtained redress was extremely imperfect. It did not always reinstate them in the possession of the land, but gave them damages which never amounted to the real loss. Even in England, the country perhaps of Europe where the yeomanry has always been most respected, it was not till about the 14th of Henry the VIIth that the action of ejectment was invented, by which the tenant recovers, not damages only but possession, and in which his claim is not necessarily concluded by the uncertain decision of a single assize. This action has been found so effectual a remedy that, in the modern practice, when the landlord has occasion to sue for the possession of the land, he seldom makes use of the actions which properly belong to him as landlord, the writ of right or the writ of entry, but sues in the name of his tenant, by the writ of ejectment. In England, therefore, the security of the tenant is equal to that of the proprietor. In England, besides, a lease for life of forty shillings a year value is a freehold, and entitles the lessee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords on account of the political consideration which

this gives them. There is, I believe, no where in Europe except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement. Those laws and customs so favourable to the yeomanry, have perhaps contributed more to the present grandeur of England than all the boasted regulations of commerce taken together.

The law which secures the longest leases against successors of every kind is, so far as I know, peculiar to Great Britain. It was introduced into Scotland so early as 1449, by a law of James II. Its beneficial influence, however, has been much obstructed by entails; the heirs of entailed being generally restrained from letting leases for any long term of years, frequently for more than one year. A late act of parliament has, in this respect, somewhat slackened their fetters, though they are still by much too strait. In Scotland, besides, a leasehold gives a vote for a member of parliament; the yeomanry are upon this account less respectful to their landlords than in England.

In other parts of Europe, after it was found convenient to secure tenants both against heirs and purchasers, the term of their security was commonly limited to a very short period; in France, for example, to nine years from the commencement of the lease. It has in that country, indeed, been lately extended to twenty-seven, a period still too short to encourage the tenant to make the most important

provements. The proprietors of land were anciently the legislators of every part of Europe. The laws relating to land, therefore, were all calculated for what they supposed the interest of the proprietor. It was for his interest, they had imagined, that no lease granted by any of his predecessors should hinder him from enjoying, during a long term of years, the full value of his land. Avarice and injustice are always short-sighted, and they did not foresee how much this regulation must obstruct improvement, and thereby hurt in the long-run the real interest of the landlord.

The farmers too, besides paying the rent, were anciently, it was supposed, bound to perform a great number of services to the landlord, which were seldom either specified in the lease, or regulated by any precise rule, but by the use and want of the manor or barony. These services, therefore, being almost entirely arbitrary, subjected the tenant to many vexations. In Scotland, the abolition of all services, not precisely stipulated in the lease, has in the course of a few years very much altered for the better the condition of the yeomanry of that country.

The public services to which the yeomanry were bound, were not less arbitrary than the private ones. To make and maintain the high roads, a servitude which still subsists, I believe, every where, though with different degrees of oppression in different countries, was not the only one. When the king's troops, when his household or his officers of any kind

passed through any part of the country, the yeomanry were bound to provide them with horses, carriages and provisions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. It still subsists in France and Germany.

The public taxes to which they were subject were as irregular and oppressive as the services. The ancient lords, though extremely unwilling to grant themselves any pecuniary aid to their sovereign easily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foresee how much this must in the end affect their own revenue. The taille, as it still subsists in France may serve as an example of those ancient tallages. It is a tax upon the supposed profits of the farmer which they estimate by the stock that he has upon the farm. It is his interest, therefore, to appear to have as little as possible, and consequently to employ as little as possible in its cultivation, and not in its improvement. Should any stock happen to accumulate in the hands of a French farmer the taille is almost equal to a prohibition of its being employed upon the land. This tax besides supposed to dishonour whoever is subject to it, to degrade him below, not only the rank of a gentleman, but that of a burgher, and whoever rents lands of another becomes subject to it. No gentleman, nor even any burgher who has stock, will submit to this degradation. This tax, therefore,

only hinders the stock which accumulates upon the land from being employed in its improvement, but drives away all other stock from it. The ancient tenths and fifteenths, so usual in England in former times, seem, so far as they affected the land, to have been taxes of the same nature with the taille.

Under all these discouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and security which law can give, must always improve under great disadvantages. The farmer, compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The stock of both may improve, but that of the one, with only equal good conduct, must always improve more slowly than that of the other, on account of the large share of the profits which is consumed by the interest of the loan. The lands cultivated by the farmer must, in the same manner, with only equal good conduct, be improved more slowly than those cultivated by the proprietor; on account of the large share of the produce which is consumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The station of a farmer besides is, from the nature of things, inferior to that of a proprietor. Through the greater part of Europe, the yeomanry are regarded as an inferior rank of people, even to the better sort of tradesmen and mechanics, and in all parts of Europe

to the great merchants and master manufacturers. It can seldom happen, therefore, that a man of any considerable stock should quit the superior, in order to place himself in an inferior station. Even in the present state of Europe, therefore, little stock is likely to go from any other profession to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great stocks which are, in some places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which of all others stock is commonly acquired most slowly. After small proprietors, however, rich and great farmers are, in every country, the principal improvers. There are more such perhaps in England than in any other European monarchy. In the republican governments of Holland and of Berne in Switzerland, the farmers are said to be not inferior to those of England.

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; first, by the general prohibition of the exportation of corn without a special licence, which seems to have been a very universal regulation; and secondly, by the restraints which were laid upon the inland commerce, not only of corn but of almost every other part of the produce of the farm, by the absurd laws against engrossers, regraters, and forestallers, and by the privileges of

fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with some encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the seat of the greatest empire in the world. To what degree such restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very easy to imagine.

CHAPTER III.

Of the Rise and Progress of Cities and Towns, after the Fall of the Roman Empire.

THE inhabitants of cities and towns were, after the fall of the Roman empire, not more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of land seem generally to have lived in fortified castles on their own estates, and in the midst of their own tenants and dependants. The towns were chiefly inhabited by tradesmen and mechanics, who seem in those days to have been of servile, or very nearly of servile condition. The privileges which we find granted by ancient charters to the inhabitants of some of the principal towns in Europe, sufficiently shew what they were before those grants. The people to whom it is granted as a privilege that they might give away their own daughters in marriage without

the consent of their lord, that upon their death their own children, and not their lord, should succeed to their goods, and that they might dispose of their own effects by will, must, before those grants, have been either altogether, or very nearly in the same state of villanage with the occupiers of land in the country.

They seem, indeed, to have been a very poor, mean set of people, who used to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the present times. In all the different countries of Europe then, in the same manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers, when they passed through certain manors, when they went over certain bridges, when they carried about their goods from place to place in a fair, when they erected in it a booth or stall to sell them in. These different taxes were known in England by the names of passage, pontage, lastage, and stallage. Sometimes the king, sometimes a great lord, who had, it seems, upon some occasions, authority to do this, would grant to particular traders, to such particularly as lived in their own demesnes, a general exemption from such taxes. Such traders, though in other respects of servile, or very nearly of servile condition, were upon this account called free-traders. They in return usually paid to their protector a sort of annual poll-tax. In those days protection was seldom granted without a valuable consideration, and this tax *might, perhaps*, be considered as compen-

sation for what their patrons might lose by their exemption from other taxes. At first, both those poll-taxes and those exemptions seem to have been altogether personal, and to have affected only particular individuals, during either their lives, or the pleasure of their protectors. In the very imperfect accounts which have been published from Domesday-book, of several of the towns of England, mention is frequently made sometimes of the tax which particular burghers paid, each of them, either to the king, or to some other great lord, for this sort of protection; and sometimes of the general amount only of all those taxes*.

But how servile soever may have been originally the condition of the inhabitants of the towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which arose from such poll-taxes in any particular town, used commonly to be let in farm during a term of years for a rent certain, sometimes to the sheriff of the county, and sometimes to other persons. The burghers themselves frequently got credit enough to be admitted to farm the revenues of this sort which arose out of their own town, they becoming jointly and severally answerable for the whole rent†. To let a farm in this manner was quite agreeable to the usual econ

* See Brady's Historical Treatise of Cities and Boroughs, p. 3, &c.—A.

† See Madox Firma Burgi, p. 18; also History of the Exchequer, chap. 10, sect. v. p. 223, first edition.—A.

of, I believe, the sovereigns of all the different countries of Europe; who used frequently to let whole manors to all the tenants of those manors, they becoming jointly and severally answerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus altogether freed from the insolence of the king's officers; a circumstance in those days regarded as of the greatest importance.

At first the farm of the town was probably let to the burghers, in the same manner as it had been to other farmers, for a term of years only. In process of time, however, it seems to have become the general practice to grant it to them in fee, that is for ever, reserving a rent certain, never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return, for which it was made, naturally became perpetual too. Those exemptions, therefore, ceased to be personal, and could not afterwards be considered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a free burgh, for the same reason that they had been called free-burghers or free-traders.

Along with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might dispose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was

given. Whether such privileges had before been usually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and slavery being thus taken away from them, they now, at least, became really free in our present sense of the word freedom.

Nor was this all. They were generally at the same time erected into a commonalty or corporation, with the privilege of having magistrates and a town-council of their own, of making bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a sort of military discipline, by obliging them to watch and ward; that is, as anciently understood, to guard and defend those walls against all attacks and surprises by night as well as by day. In England they were generally exempted from suit to the hundred and county courts; and all such pleas as should arise among them, the pleas of the crown excepted, were left to the decision of their own magistrates. In other countries much greater and more extensive jurisdictions were frequently granted to them*.

It might, probably, be necessary to grant to such towns as were admitted to farm their own reve-

* See Madox Firma Burgi: see also Pfeffel in the remarkable events under Frederick II., and his successors of the house of Suabia.—A.

some sort of compulsive jurisdiction to oblige their own citizens to make payment. In those disorderly times it might have been extremely inconvenient to have left them to seek this sort of justice from any other tribunal. But it must seem extraordinary that the sovereigns of all the different countries of Europe should have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue which was, perhaps, of all others the most likely to be improved by the natural course of things, without either expense or attention of their own; and that they should, besides, have in this manner voluntarily erected a sort of independent republics in the heart of their own dominions.

In order to understand this, it must be remembered, that in those days the sovereign of perhaps no country in Europe was able to protect, through the whole extent of his dominions, the weaker part of his subjects from the oppression of the great lords. Those whom the law could not protect, and who were not strong enough to defend themselves, were obliged either to have recourse to the protection of some great lord, and in order to obtain it to become either his slaves or vassals; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, considered as single individuals, had no power to defend themselves: but by entering into a league of mutual defence with their neighbours, they were capable of making no contemptible resistance. The lords despised the burghers, whom they considered

not only as of a different order, but as a parcel of emancipated slaves, almost of a different specie from themselves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occasion without mercy or remorse. The burghers naturally hated and feared the lords. The king hated and feared them too; but though perhaps he might despise, he had no reason either to hate or fear the burghers. Mutual interest, therefore, disposed them to support the king, and the king to support them against the lords. They were the enemies of his enemies, and it was his interest to render them as secure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a sort of military discipline, he gave them all the means of security and independency of the barons which it was in his power to bestow. Without the establishment of some regular government of this kind, without some authority to compel their inhabitants to act according to some certain plan or system, no voluntary league of mutual defence could either have afforded them any permanent security, or have enabled them to give the king any considerable support. By granting them the farm of their town in fee, he took away from those whom he wished to have for his friends, and, if one may say so, for his allies, all ground of jealousy and suspicion that he

was ever afterwards to oppress them, either by raising the farm rent of their town, or by granting it to some other farmer.

The princes who lived upon the worst terms with their barons, seem accordingly to have been the most liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a most munificent benefactor to his towns *. Philip the First of France lost all authority over his barons. Towards the end of his reign, his son Lewis, known afterwards by the name of Lewis the Fat, consulted, according to Father Daniel, with the bishops of the royal demesnes, concerning the most proper means of restraining the violence of the great lords. Their advice consisted of two different proposals. One was to erect a new order of jurisdiction, by establishing magistrates and a town council, in every considerable town of his demesnes. The other was to form a new militia, by making the inhabitants of those towns, under the command of their own magistrates, march out upon proper occasions to the assistance of the king. It is from this period, according to the French antiquarians, that we are to date the institution of the magistrates and councils of cities in France. It was during the unprosperous reigns of the princes of the house of Suabia that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanseatic league first became formidable †.

* See Madox.—A. † See Peffel.—A.

The militia of the cities seems, in those times, not to have been inferior to that of the country, and as they could be more readily assembled upon any sudden occasion, they frequently had the advantage in their disputes with the neighbouring lords. In countries, such as Italy and Switzerland, in which, on account either of their distance from the principal seat of government, of the natural strength of the country itself, or of some other reason, the sovereign came to lose the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their castles in the country, and to live, like other peaceable inhabitants, in the city. This is the short history of the republic of Berne, as well as of several other cities in Switzerland. If you except Venice, for of that city the history is somewhat different, it is the history of all the considerable Italian republics, of which so great a number arose and perished, between the end of the twelfth and the beginning of the sixteenth century.

In countries such as France or England, where the authority of the sovereign, though frequently very low, never was destroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, so considerable, that the sovereign could impose no tax upon them, besides the stated farm-rent of the town, without their own consent. They were, therefore, called upon to send deputies to the general assembly of the states

of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occasions, some extraordinary aid to the king. Being generally, too, more favourable to his power, their deputies seem, sometimes, to have been employed by him as a counter-balance in those assemblies to the authority of the great lords. Hence the origin of the representation of burghs in the states general of all great monarchies in Europe.

Order and good government, and along with them the liberty and security of individuals, were, in this manner, established in cities, at a time when the occupiers of land in the country were exposed to every sort of violence. But men in this defenceless state naturally content themselves with their necessary subsistence; because to acquire more might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessaries, but the conveniencies and elegancies of life. That industry, therefore, which aims at something more than necessary subsistence, was established in cities long before it was commonly practised by the occupiers of land in the country. If in the hands of a poor cultivator, oppressed with the servitude of villanage, some little stock should accumulate, he would naturally conceal it with great care from his master, to whom it would otherwise have belonged, and take the first opportunity of

running away to a town. The law was at that time so indulgent to the inhabitants of towns, and so desirous of diminishing the authority of the lords over those of the country, that if he could conceal himself there from the pursuit of his lord for a year, he was free for ever. Whatever stock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities, as the only sanctuaries in which it could be secure to the person that acquired it.

The inhabitants of a city, it is true, must always ultimately derive their subsistence, and the whole materials and means of their industry, from the country. But those of a city, situated near either the sea-coast, or the banks of a navigable river, are not necessarily confined to derive them from the country in their neighbourhood. They have a much wider range, and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between distant countries, and exchanging the produce of one for that of another. A city might in this manner grow up to great wealth and splendor, while not only the country in its neighbourhood, but all those to which it traded, were in poverty and wretchedness. Each of those countries, perhaps, taken singly, could afford it but a small part, either of its subsistence, or of its employment; but all of them taken together could afford it both a great subsistence, and a great employment. There were, however, within

the narrow circle of the commerce of those times, some countries that were opulent and industrious. Such was the Greek empire as long as it subsisted, and that of the Saracens during the reigns of the Abassides. Such too was Egypt till it was conquered by the Turks, some part of the coast of Barbary, and all those provinces of Spain which were under the government of the Moors.

The cities of Italy seem to have been the first in Europe which were raised by commerce to any considerable degree of opulence. Italy lay in the centre of what was at that time the improved and civilized part of the world. The crusades, too, though, by the great waste of stock and destruction of inhabitants which they occasioned, they must necessarily have retarded the progress of the greater part of Europe, were extremely favourable to that of some Italian cities. The great armies which marched from all parts to the conquest of the Holy Land, gave extraordinary encouragement to the shipping of Venice, Genoa, and Pisa, sometimes in transporting them thither, and always in supplying them with provisions. They were the commissaries, if one may say so, of those armies; and the most destructive frenzy that ever befel the European nations, was a source of opulence to those republics.

The inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries, afforded some food to the vanity of the great proprietors, who eagerly purchased them with great quantities of the rude produce of their

own lands. The commerce of a great part of Europe in those times, accordingly, consisted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England used to be exchanged for the wines of France, and the fine cloths of Flanders, in the same manner as the corn in Poland is at this day exchanged for the wines and brandies of France, and for the silks and velvets of France and Italy.

A taste for the finer and more improved manufactures, was in this manner introduced by foreign commerce into countries where no such works were carried on. But when this taste became so general as to occasion a considerable demand, the merchants, in order to save the expense of carriage, naturally endeavoured to establish some manufactures of the same kind in their own country. Hence the origin of the first manufactures for distant sale that seem to have been established in the western provinces of Europe, after the fall of the Roman Empire.

No large country, it must be observed, ever did or could subsist without some sort of manufactures being carried on in it; and when it is said of any such country that it has no manufactures, it must always be understood of the finer and more improved, or of such as are fit for distant sale. In every large country, both the clothing and household furniture of the far greater part of the people, are the produce of their own industry. This is even more universally the case in those poor countries which are commonly said to have no manufactures,

than in those rich ones that are said to abound in them. In the latter, you will generally find, both in the clothes and household furniture of the lowest rank of people, a much greater proportion of foreign productions than in the former.

Those manufactures which are fit for distant sale, seem to have been introduced into different countries in two different ways.

Sometimes they have been introduced, in the manner above mentioned, by the violent operation, if one may say so, of the stocks of particular merchants and undertakers, who established them in imitation of some foreign manufactures of the same kind. Such manufactures, therefore, are the offspring of foreign commerce, and such seem to have been the ancient manufactures of silks, velvets, and brocades, which flourished in Lucca during the thirteenth century. They were banished from thence by the tyranny of one of Machiavel's heroes, Castruccio Castracani. In 1310 nine hundred families were driven out of Lucca, of whom thirty-one retired to Venice, and offered to introduce there the silk manufacture *. Their offer was accepted, many privileges were conferred upon them, and they began the manufacture with three hundred workmen. Such too seem to have been the manufactures of fine cloths that anciently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth;

* See Sandi Istoria Civile de Vinezia, Part 2., vol. i. pages 247 and 256.—A.

and such are the present silk manufactures of Lyons and Spitalfields. Manufactures introduced in this manner are generally employed upon foreign materials, being imitations of foreign manufactures. When the Venetian manufacture was first established, the materials were all brought from Sicily and the Levant. The more ancient manufacture of Lucca was likewise carried on with foreign materials. The cultivation of mulberry trees, and the breeding of silk-worms, seem not to have been common in the northern parts of Italy before the sixteenth century. Those arts were not introduced into France till the reign of Charles IX. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for distant sale. More than one half the materials of the Lyons manufacture is at this day foreign silks; when it was first established, the whole or very nearly the whole was so. No part of the materials of the Spitalfields manufacture is ever likely to be the produce of England. The seat of such manufactures, as they are generally introduced by the scheme and project of a few individuals, is sometimes established in a maritime city, and sometimes in a inland town, according as their interest, judgment or caprice happen to determine.

At other times manufactures for distant sale grow up naturally, and as it were of their own accord, by the gradual refinement of those how

hold and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such manufactures are generally employed upon the materials which the country produces, and they seem frequently to have been first refined and improved in such inland countries as were, not indeed at a very great, but at a considerable distance from the sea-coast, and sometimes even from all water carriage. An inland country, naturally fertile and easily cultivated, produces a great surplus of provisions beyond what is necessary for maintaining the cultivators, and on account of the expense of land carriage, and inconveniency of river navigation, it may frequently be difficult to send this surplus abroad. Abundance, therefore, renders provisions cheap, and encourages a great number of workmen to settle in the neighbourhood, who find that their industry can there procure them more of the necessaries and conveniencies of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or what is the same thing the price of it, for more materials and provisions. They give a new value to the surplus part of the rude produce, by saving the expense of carrying it to the water side, or to some distant market; and they furnish the cultivators with something in exchange for it that is either useful or agreeable to them, upon easier terms than they could have obtained it before. The cultivators get a better price for their surplus produce, and can purchase

cheaper other conveniencies which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, so the progress of the manufacture re-acts upon the land, and increases still further its fertility. The manufacturers first supply the neighbourhood, and afterwards, as their work improves and refines, more distant markets. For though neither the rude produce, nor even the coarse manufacture, could, without the greatest difficulty, support the expense of a considerable land carriage, the refined and improved manufacture easily may. In a small bulk it frequently contains the price of a great quantity of rude produce. A piece of fine cloth, for example, which weighs only eighty pounds, contains in it the price, not only of eighty pounds weight of wool, but sometimes of several thousand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn which could with difficulty have been carried abroad in its own shape, is in this manner virtually exported in that of the complete manufacture, and may easily be sent to the remotest corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offspring of agriculture. In the modern history of Europe, their extension and im-

provement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made of Spanish wool, more than a century before any of those which now flourish in the places above mentioned were fit for foreign sale. The extension and improvement of these last could not take place but in consequence of the extension and improvement of agriculture, the last and greatest effect of foreign commerce, and of the manufactures immediately introduced by it, and which I shall now proceed to explain.

CHAPTER IV.

How the Commerce of the Towns contributed to the Improvement of the Country.

The increase and riches of commercial and manufacturing towns, contributed to the improvement and cultivation of the countries to which they belonged, in three different ways.

First, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were situated, but extended more or less to all those with which they had any dealings. To all of them they afforded a market for some part either of their rude or manufactured produce, and consequently gave some encouragement to the industry and improvement of all. Their own country, however, on account of its neighbourhood, necessarily derived the greatest benefit from this market. Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the consumers as that of more distant countries.

Secondly, the wealth acquired by the inhabitants of cities was frequently employed in purchasing

such lands as were to be sold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the best of all improvers. A merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ it chiefly in expense. The one often sees his money go from him and return to him again with a profit; the other, when once he parts with it, very seldom expects to see any more of it. Those different habits naturally affect their temper and disposition in every sort of business. A merchant is commonly a bold; a country gentleman, a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raising the value of it in proportion to the expense. The other, if he has any capital, which is not always the case, seldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can save out of his annual revenue. Whoever has had the fortune to live in a mercantile town situated in an unimproved country, must have frequently observed how much more spirited the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, economy, and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement.

Thirdly, and lastly, commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.

In a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustic hospitality at home. If this surplus produce is sufficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers and dependants, who, having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that soldiers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the sovereign down to the smallest baron, exceeded every thing which in the present times we can easily form a notion of. Westminster Hall was the dining-room of William Rufus, and

might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he strewed the floor of his hall with clean hay or rushes in the season, in order that the knights and squires, who could not get seats, might not spoil their fine clothes when they sat down on the floor to eat their dinner. The great Earl of Warwick is said to have entertained every day at his different manors, thirty thousand people; and though the number here may have been exaggerated, it must, however, have been very great to admit of such exaggeration. A hospitality nearly of the same kind was exercised not many years ago in many different parts of the highlands of Scotland. It seems to be common in all nations to whom commerce and manufactures are little known. I have seen, says Doctor Pocock, an Arabian chief dine in the streets of a town where he had come to sell his cattle, and invite all passengers, even common beggars, to sit down with him and partake of his banquet.

The occupiers of land were in every respect as dependent upon the great proprietor as his retainers. Even such of them as were not in a state of villanage, were tenants at will, who paid a rent in no respect equivalent to the subsistence which the land afforded them. A crown, half a crown, a sheep, a lamb, was some years ago in the highlands of Scotland a common rent for lands which maintained a family. In some places it is so at this day; nor will money at present purchase a greater

quantity of commodities there than in other places. In a country where the surplus produce of a large estate must be consumed upon the estate itself, it will frequently be more convenient for the proprietor, that part of it be consumed at a distance from his own house, provided they who consume it are as dependent upon him as either his retainers or his menial servants. He is thereby saved from the embarrassment of either too large a company or too large a family. A tenant at will, who possesses land sufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any servant or retainer whatever, and must obey him with as little reserve. Such a proprietor, as he feeds his servants and retainers at his own house, so he feeds his tenants at their houses. The subsistence of both is derived from his bounty, and its continuance depends upon his good pleasure.

Upon the authority which the great proprietors necessarily had in such a state of things over their tenants and retainers, was founded the power of the ancient barons. They necessarily became the judges in peace, and the leaders in war, of all who dwelt upon their estates. They could maintain order and execute the law within their respective demesnes, because each of them could there turn the whole force of all the inhabitants against the injustice of any one. No other person had sufficient authority to do this. The king in particular had not. In those ancient times he was little more

than the greatest proprietor in his dominions, to whom, for the sake of common defence against their common enemies, the other great proprietors paid certain respects. To have enforced payment of a small debt within the lands of a great proprietor, where all the inhabitants were armed and accustomed to stand by one another, would have cost the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the administration of justice through the greater part of the country, to those who were capable of administering it; and for the same reason to leave the command of the country militia to those whom that militia would obey.

It is a mistake to imagine that those territorial jurisdictions took their origin from the feudal law. Not only the highest jurisdictions both civil and criminal, but the power of levying troops, of coining money, and even that of making bye-laws for the government of their own people, were all rights possessed allodially by the great proprietors of land several centuries before even the name of the feudal law was known in Europe. The authority and jurisdiction of the Saxon lords in England, appear to have been as great before the conquest as that of any of the Norman lords after it. But the feudal law is not supposed to have become the common law of England till after the conquest. That the most extensive authority and jurisdictions were possessed by the great lords in France allodially long

before the feudal law was introduced into the country, is a matter of fact that admits of no doubt That authority and those jurisdictions all necessarily flowed from the state of property and manners just now described. Without remounting to the remote antiquities of either the French or English monarchies, we may find in much later times many proofs that such effects must always flow from such causes. It is not thirty years ago since Mr. Cameron of Lochiel, a gentleman of Lochaber in Scotland, without any legal warrant whatever not being what was then called a lord of regality nor even a tenant in chief, but a vassal of the duke of Argyle, and without being so much as a justice of peace, used, notwithstanding, to exercise the highest criminal jurisdiction over his own people He is said to have done so with great equity, though without any of the formalities of justice; and it is not improbable that the state of that part of the country at that time made it necessary for him to assume this authority in order to maintain the public peace. That gentleman, whose rent never exceeded five hundred pounds a year, carried, in 1745, eight hundred of his own people into the rebellion with him.

The introduction of the feudal law, so far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It established a regular subordination, accompanied with a long train of services and duties, from the king down to the smallest proprietor. During the

minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate superiors, and, consequently, those of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was supposed to have a right of disposing of him in marriage, provided it was in a manner not unsuitable to his rank. But though this institution necessarily tended to strengthen the authority of the king, and to weaken that of the great proprietors, it could not do either sufficiently for establishing order and good government among the inhabitants of the country; because it could not alter sufficiently that state of property and manners from which the disorders arose. The authority of government still continued to be, as before, too weak in the head and too strong in the inferior members, and the excessive strength of the inferior members was the cause of the weakness of the head. After the institution of feudal subordination, the king was as incapable of restraining the violence of the great lords as before. They still continued to make war according to their own discretion, almost continually upon one another, and very frequently upon the king; and the open country still continued to be a scene of violence, rapine, and disorder.

But what all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about. These gra-

dually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands, and which they could consume themselves without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of diamond buckles, perhaps, or for something as frivolous and useless, they exchanged the maintenance, or what is the same thing, the price of the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any share of them; whereas in the more ancient method of expense they must have shared with at least a thousand people. With the judges that were to determine the preference, this difference was perfectly decisive; and thus, for the gratification of the most childish, the meanest and the most sordid of all vanities, they gradually bartered their whole power and authority.

In a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thousand a year cannot well employ his revenue in any other way than in maintaining, perhaps, a thousand families, who are all of them

necessarily at his command. In the present state of Europe, a man of ten thousand a year can spend his whole revenue, and he generally does so, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding. Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the ancient method of expense. For though the quantity of precious productions for which he exchanges his whole revenue be very small, the number of workmen employed in collecting and preparing it, must necessarily have been very great. Its great price generally arises from the wages of their labour, and the profits of all their immediate employers. By paying that price he indirectly pays all those wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very small proportion to that of each; to very few perhaps a tenth, to many not a hundredth, and to some not a thousandth, nor even a ten thousandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or less independent of him, because generally they can all be maintained without him.

When the great proprietors of land spend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they spend them in maintaining tradesmen and artificers, they

may, all of them taken together, perhaps, maintain as great, or, on account of the waste which attends rustic hospitality, a greater number of people than before. Each of them, however, taken singly, contributes often but a very small share to the maintenance of any individual of this greater number. Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all therefore, he is not absolutely dependent upon any one of them.

The personal expense of the great proprietors having in this manner gradually increased, it was impossible that the number of their retainers should not as gradually diminish, till they were at last dismissed altogether. The same cause gradually led them to dismiss the unnecessary part of their tenants. Farms were enlarged, and the occupiers of land, notwithstanding the complaints of depopulation reduced to the number necessary for cultivating it according to the imperfect state of cultivation an improvement in those times. By the removal the unnecessary mouths, and by exacting from t farmer the full value of the farm, a greater surpl or what is the same thing, the price of a grea surplus, was obtained for the proprietor, which merchants and manufacturers soon furnished with a method of spending upon his own perso the same manner as he had done the rest. same cause continuing to operate, he was desi to raise his rents above what his lands, in the a

state of their improvement, could afford. His tenants could agree to this upon one condition only, that they should be secured in their possession for such a term of years as might give them time to recover with profit whatever they should lay out in the further improvement of the land. The expensive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leases.

Even a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another, are mutual and equal, and such a tenant will expose neither his life nor his fortune in the service of the proprietor. But if he has a lease for a long term of years, he is altogether independent; and his landlord must not expect from him even the most trifling service beyond what is either expressly stipulated in the lease, or imposed upon him by the common and known law of the country.

The tenants having in this manner become independent, and the retainers being dismissed, the great proprietors were no longer capable of interrupting the regular execution of justice, or of disturbing the peace of the country. Having sold their birthright, not like Esau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty, for trinkets and baubles, fitter to be the playthings of children than the serious pursuits of men, they became as insignificant as any substantial

burgher, or tradesman in a city. A regular government was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one, any more than in the other.

It does not, perhaps, relate to the present subject, but I cannot help remarking it, that very old families, such as have possessed some considerable estate from father to son for many successive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, such as Wales, or the highlands of Scotland, they are very common. The Arabian histories seem to be all full of genealogies, and there is a history written by a Tartar Khan, which has been translated into several European languages, and which contains scarce any thing else; a proof that ancient families are very common among those nations. In countries where a rich man can spend his revenue in no other way than by maintaining as many people as it can maintain, he is not apt to run out, and his benevolence it seems is seldom so violent as to attempt to maintain more than he can afford. But where he can spend the greatest revenue upon his own person, he frequently has no bounds to his expense, because he frequently has no bounds to his vanity, or to his affection for his own person. In commercial countries, therefore, riches, in spite of the most violent regulations of law to prevent their dissipation, very seldom remain long in the same family. Among simple nations, on the contrary, they frequently do without any

regulations of law: for among nations of shepherds, such as the Tartars and Arabs, the consumable nature of their property necessarily renders all such regulations impossible.

A revolution of the greatest importance to the public happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the public. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.

It is thus that through the greater part of Europe the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation of the country.

This order, however, being contrary to the natural course of things, is necessarily both slow and uncertain. Compare the slow progress of those European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not supposed to double in less than five hundred years. In several of our

North American colonies, it is found to double in twenty or five-and-twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the division of great estates, and thereby hinder the multiplication of small proprietors. A small proprietor, however, who knows every part of his little territory, views it with all the affection which property, especially small property, naturally inspires, and who upon that account takes pleasure not only in cultivating but in adorning it, is generally of all improvers the most industrious, the most intelligent, and the most successful. The same regulations, besides, keep so much land out of the market, that there are always more capitals to buy than there is land to sell, so that what is sold always sells at a monopoly price. The rent never pays the interest of the purchase-money, and is besides burdened with repairs and other occasional charges, to which the interest of money is not liable. To purchase land is everywhere in Europe a most unprofitable employment of a small capital. For the sake of the superior security, indeed, a man of moderate circumstances, when he retires from business, will sometimes choose to lay out his little capital in land. A man of profession too, whose revenue is derived from another source, often loves to secure his savings in the same way. But a young man, who, instead of applying to trade or to any profession, should employ a capital of two or three thousand pounds in the purchase and cultivation of a small piece of land, might indeed expect

very happily, and very independently, but must bid adieu, for ever, to all hope of either great fortune or great illustration, which by a different employment of his stock he might have had the same chance of acquiring with other people. Such a person too, though he cannot aspire at being a proprietor, will often disdain to be a farmer. The small quantity of land, therefore, which is brought to market, and the high price of what is brought thither, prevents a great number of capitals from being employed in its cultivation and improvement which would otherwise have taken that direction. In North America, on the contrary, fifty or sixty pounds is often found a sufficient stock to begin a plantation with. The purchase and improvement of uncultivated land is there the most profitable employment of the smallest as well as of the greatest capitals, and the most direct road to all the fortune and illustration which can be acquired in that country. Such land, indeed, is in North America to be had almost for nothing, or at a price much below the value of the natural produce; a thing impossible in Europe, or, indeed, in any country where all lands have long been private property. If landed estates, however, were divided equally among all the children upon the death of any proprietor who left a numerous family, the estate would generally be sold. So much land would come to market, that it could no longer sell at a monopoly price. The free rent of the land would go nearer to pay the interest of the purchase-money, and a small capital might be em-

ployed in purchasing land as profitably as in any other way.

England, on account of the natural fertility of the soil, of the great extent of the sea-coast in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to some of the most inland parts of it, is perhaps as well fitted by nature as any large country in Europe, to be the seat of foreign commerce, of manufactures for distant sale, and of all the improvements which these can occasion. From the beginning of the reign of Elizabeth too, the English legislature has been peculiarly attentive to the interest of commerce and manufactures, and in reality there is no country in Europe, Holland itself not excepted, of which the law is, upon the whole, more favourable to this sort of industry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too: but it seems to have followed slowly, and at a distance, the more rapid progress of commerce and manufactures. The greater part of the country must probably have been cultivated before the reign of Elizabeth; and a very great part of it still remains uncultivated, and the cultivation of the far greater part, much inferior to what it might be. The law of England, however, favours agriculture not only indirectly by the protection of commerce, but by several direct

encouragements. Except in times of scarcity, the exportation of corn is not only free, but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times, and it is but of late that it was permitted from thence. Those who cultivate the land, therefore, have a monopoly against their countrymen for the two greatest and most important articles of land produce, bread and butchers' meat. These encouragements, though at bottom, perhaps, as I shall endeavour to show hereafter, altogether illusory, sufficiently demonstrate at least the good intention of the legislature to favour agriculture. But what is of much more importance than all of them, the yeomanry of England are rendered as secure, as independent, and as respectable as law can make them. No country, therefore, in which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the spirit of the law, are admitted in some cases, can give more encouragement to agriculture than England. Such, however, notwithstanding, is the state of its cultivation. What would it have been, had the law given no direct encouragement to agriculture besides what arises indirectly from the progress of commerce, and had left the yeomanry in the same condition as in most other countries of Europe? It is now more than two hundred years since the beginning of the reign of Elizabeth,

a period as long as the course of human prosperity usually endures.

France seems to have had a considerable share of foreign commerce near a century before England was distinguished as a commercial country. The marine of France was considerable, according to the notions of the times, before the expedition of Charles the VIIIth to Naples. The cultivation and improvement of France, however, is, upon the whole, inferior to that of England. The law of the country has never given the same direct encouragement to agriculture.

The foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign ships, is very considerable. That to their colonies is carried on in their own, and is much greater on account of the great riches and extent of those colonies. But it has never introduced any considerable manufactures for distant sale into either of those countries, and the greater part of both still remains uncultivated. The foreign commerce of Portugal is of older standing than that of any great country in Europe, except Italy.

Italy is the only great country of Europe which seems to have been cultivated and improved in every part, by means of foreign commerce and manufactures for distant sale. Before the invasion of Charles the VIIIth, Italy, according to Guicciardin, was cultivated not less in the most mountainous and barren parts of the country, than in the plainest and most fertile. The advantageous situation of

the country, and the great number of independent states which at that time subsisted in it, probably contributed not a little to this general cultivation. It is not impossible too, notwithstanding this general expression of one of the most judicious and reserved of modern historians, that Italy was not at that time better cultivated than England is at present.

The capital, however, that is acquired to any country by commerce and manufactures, is all a very precarious and uncertain possession, till some part of it has been secured and realized in the cultivation and improvement of its lands. A merchant, it has been said very properly, is not necessarily the citizen of any particular country. It is in a great measure indifferent to him from what place he carries on his trade; and a very trifling disgust will make him remove his capital, and together with it all the industry which it supports, from one country to another. No part of it can be said to belong to any particular country, till it has been spread as it were over the face of that country, either in buildings, or in the lasting improvement of lands. No vestige now remains of the great wealth said to have been possessed by the greater part of the Hans towns, except in the obscure histories of the thirteenth and fourteenth centuries. It is even uncertain where some of them were situated, or to what towns in Europe the Latin names given to some of them belong. But though the misfortunes of Italy in the end of the fifteenth

and beginning of the sixteenth centuries greatly diminished the commerce and manufactures of the cities of Lombardy and Tuscany, those countries still continue to be among the most populous and best cultivated in Europe. The civil wars of Flanders, and the Spanish government which succeeded them, chased away the great commerce of Antwerp, Ghent, and Bruges. But Flanders still continues to be one of the richest, best cultivated, and most populous provinces of Europe. The ordinary revolutions of war and government easily dry up the sources of that wealth which arises from commerce only. That which arises from the more solid improvements of agriculture, is much more durable, and cannot be destroyed but by those more violent convulsions occasioned by the depredations of hostile and barbarous nations continued for a century or two together; such as those that happened for some time before and after the fall of the Roman empire in the western provinces of Europe.

BOOK IV.

Of Systems of Political Economy.

INTRODUCTION.

Political Economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign.

The different progress of opulence in different ages and nations, has given occasion to two different systems of political economy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

CHAPTER I.

Of the Principle of the Commercial or Mercantile System.

THAT wealth consists in money, or in gold and silver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value. In consequence of its being the instrument of commerce, when we have money we can more readily obtain whatever else we have occasion for, than by means of any other commodity. The great affair, we always find, is to get money. When that is obtained, there is no difficulty in making any subsequent purchase. In consequence of its being the measure of value, we estimate that of all other commodities by the quantity of money which they will exchange for. We say of a rich man that he is worth a great deal, and of a poor man that he is worth very little money. A frugal man, or a man eager to be rich, is said to love money; and a careless, a generous, or a profuse man, is said to be indifferent about it. To grow rich is to get money; and wealth and money, in short, are in common language, considered as in every respect synonymous.

A rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country is supposed to be the readiest way to enrich it. For some time after the discovery of America, the first inquiry of the Spaniards, when they arrived upon any unknown coast, used to be, if there was any gold or silver to be found in the neighbourhood? By the information which they received, they judged whether it was worth while to make a settlement there, or if the country was worth the conquering. Plano Carpino, a monk sent ambassador from the king of France to one of the sons of the famous Gengis Khan, says, that the Tartars used frequently to ask him, if there was plenty of sheep and oxen in the kingdom of France? Their inquiry had the same object with that of the Spaniards. They wanted to know if the country was rich enough to be worth the conquering. Among the Tartars, as among all other nations of shepherds, who are generally ignorant of the use of money, cattle are the instruments of commerce and the measures of value. Wealth, therefore, according to them, consisted in cattle, as according to the Spaniards it consisted in gold and silver. Of the two, the Tartar notion, perhaps, was the nearest to the truth.

Mr. Locke remarks a distinction between money and other moveable goods. All other moveable goods, he says, are of so consumable a nature that the wealth which consists in them cannot be much

depended on, and a nation which abounds in them one year may, without any exportation, but merely by their own waste and extravagance, be in great want of them the next. Money, on the contrary, is a steady friend, which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be wasted and consumed. Gold and silver, therefore, are, according to him, the most solid and substantial part of the moveable wealth of a nation, and to multiply those metals ought, he thinks, upon that account, to be the great object of its political economy.

Others admit that if a nation could be separated from all the world, it would be of no consequence how-much, or how little money circulated in it. The consumable goods which were circulated by means of this money, would only be exchanged for a greater or a smaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or scarcity of those consumable goods. But it is otherwise, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in distant countries. This, they say, cannot be done, but by sending abroad money to pay them with; and a nation cannot send much money abroad, unless it has a good deal at home. Every such nation, therefore, must endeavour in time of peace to accumulate gold and silver, that,

when occasion requires, it may have wherewithal to carry on foreign wars.

In consequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty. The like prohibition seems anciently to have made a part of the policy of most other European nations. It is even to be found, where we should least of all expect to find it, in some old Scotch acts of parliament, which forbid, under heavy penalties, the carrying gold or silver *forth of the kingdom*. The like policy anciently took place both in France and England.

When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and silver, than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated, therefore, against this prohibition as hurtful to trade.

They represented, first, that the exportation of gold and silver, in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom. That, on the contrary, it might

frequently increase that quantity; because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and, being there sold for a large profit, might bring back much more treasure than was originally sent out to purchase them. Mr. Mun compares this operation of foreign trade to the seed-time and harvest of agriculture. "If we only behold," says he, "the actions of the "husbandman in the seed-time, when he casteth "away much good corn into the ground, we shall "account him rather a madman than a husband-"man. But when we consider his labours in the "harvest, which is the end of his endeavours, we "shall find the worth and plentiful increase of his "actions."

They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value, could easily be smuggled abroad. That this exportation could only be prevented by a proper attention to what they called the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was necessarily paid to it in gold and silver, and thereby increased the quantity of those metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was necessarily paid to them in the same manner, and thereby

diminished that quantity. That in this case to prohibit the exportation of those metals could not prevent it, but only, by making it more dangerous, render it more expensive. That the exchange was thereby turned more against the country which owed the balance, than it otherwise might have been; the merchant who purchased a bill upon the foreign country being obliged to pay the banker who sold it, not only for the natural risk, trouble and expense of sending the money thither, but for the extraordinary risk arising from the prohibition. But that the more the exchange was against any country, the more the balance of trade became necessarily against it; the money of that country becoming necessarily of so much less value, in comparison with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. against England, it would require a hundred and five ounces of silver in England to purchase a bill for a hundred ounces of silver in Holland: that a hundred and five ounces of silver in England, therefore, would be worth only a hundred ounces of silver in Holland, and would purchase only a proportionable quantity of Dutch goods: but that a hundred ounces of silver in Holland, on the contrary, would be worth a hundred and five ounces in England, and would purchase a proportionable quantity of English goods: that the English goods which were sold to Holland would be sold so much cheaper; and the Dutch goods which were sold to

England, so much dearer, by the difference of the exchange; that the one would draw so much less Dutch money to England, and the other so much more English money to Holland, as this difference amounted to: and that the balance of trade, therefore, would necessarily be so much more against England, and would require a greater balance of gold and silver to be exported to Holland.

Those arguments were partly solid and partly sophistical. They were solid so far as they asserted that the exportation of gold and silver in trade might frequently be advantageous to the country. They were solid too, in asserting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were sophistical in supposing, that either to preserve or to augment the quantity of those metals required more the attention of government, than to preserve or to augment the quantity of any other useful commodities, which the freedom of trade, without any such attention, never fails to supply in the proper quantity. They were sophistical too, perhaps, in asserting that the high price of exchange necessarily increased what they called the unfavourable balance of trade, or occasioned the exportation of a greater quantity of gold and silver. That high price, indeed, was extremely disadvantageous to the merchants who had any money to pay in foreign countries. They paid so much dearer for the bills which their bankers granted them upon those countries. But

though the risk arising from the prohibition might occasion some extraordinary expense to the bankers, it would not necessarily carry any more money out of the country. This expense would generally be all laid out in the country, in smuggling the money out of it, and could seldom occasion the exportation of a single sixpence beyond the precise sum drawn for. The high price of exchange too would naturally dispose the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon as small a sum as possible. The high price of exchange, besides, must necessarily have operated as a tax, in raising the price of foreign goods, and thereby diminishing their consumption. It would tend, therefore, not to increase, but to diminish, what they called the unfavourable balance of trade, and consequently the exportation of gold and silver.

Such as they were, however, those arguments convinced the people to whom they were addressed. They were addressed by merchants to parliaments, and to the councils of princes, to nobles, and to country gentlemen; by those who were supposed to understand trade, to those who were conscious to themselves that they knew nothing about the matter. That foreign trade enriched the country, experience demonstrated to the nobles and country gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it en-

riched themselves. It was their business to know it. But to know in what manner it enriched the country was no part of their business. The subject never came into their consideration, but when they had occasion to apply to their country for some change in the laws relating to foreign trade. It then became necessary to say something about the beneficial effects of foreign trade, and the manner in which those effects were obstructed by the laws as they then stood. To the judges who were to decide the business, it appeared a most satisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in question hindered it from bringing so much as it otherwise would do. Those arguments therefore produced the wished-for effect. The prohibition of exporting gold and silver was in France and England confined to the coin of those respective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in some other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding against the exportation of gold and silver, to watch over the balance of trade, as the only cause which could occasion any augmentation or diminution of those metals. From one fruitless care it was turned away to another care much more intricate, much more embarrassing, and just equally fruitless. The title of Mun's book, England's Treasure in Foreign Trade, became a fundamental

maxim in the political economy, not of England only, but of all other commercial countries. The inland, or home trade, the most important of all, the trade in which an equal capital affords the greatest revenue, and creates the greatest employment to the people of the country, was considered as subsidiary only to foreign trade. It neither brought money into the country, it was said, nor carried any out of it. The country therefore could never become either richer or poorer by means of it, except so far as its prosperity or decay might indirectly influence the state of foreign trade.

A country that has no mines of its own must undoubtedly draw its gold and silver from foreign countries, in the same manner as one that has no vineyards of its own must draw its wines. It does not seem necessary, however, that the attention of government should be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and silver, will never be in want of those metals. They are to be bought for a certain price like all other commodities, and as they are the price of all other commodities, so all other commodities are the price of those metals. We trust with perfect security that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for: and we may trust with equal security that it will always supply us with all the gold and silver

which we can afford to purchase or to employ, either in circulating our commodities, or in other uses.

The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those who are willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring it to market. But no commodities regulate themselves more easily or more exactly according to this effectual demand than gold and silver; because, on account of the small bulk and great value of those metals, no commodities can be more easily transported from one place to another, from the places where they are cheap, to those where they are dear, from the places where they exceed, to those where they fall short of this effectual demand. If there were in England, for example, an effectual demand for an additional quantity of gold, a packet-boat could bring from Lisbon, or from wherever else it was to be had, fifty tons of gold, which could be coined into more than five millions of guineas. But if there were an effectual demand for grain to the same value, to import it would require, at five guineas a ton, a million of tons of shipping, or a thousand ships of a thousand tons each. The navy of England would not be sufficient.

When the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exporta-

tion. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home. The continual importations from Peru and Brazil exceed the effectual demand of those countries, and sink the price of those metals there below that in the neighbouring countries. If, on the contrary, in any particular country their quantity fell short of the effectual demand, so as to raise their price above that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedemon. All the sanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch and Gottenburgh East India companies; because somewhat cheaper than those of the British company. A pound of tea, however, is about a hundred times the bulk of one of the highest prices, sixteen shillings, that is commonly paid for it in silver, and more than two thousand times the bulk of the same price in gold, and consequently just so many times more difficult to smuggle.

It is partly owing to the easy transportation of gold and silver from the places where they abound to those where they are wanted, that the price of those metals does not fluctuate continually like that of the greater part of other commodities, which are

hindered by their bulk from shifting their situation, when the market happens to be either over or under stocked with them. The price of those metals, indeed, is not altogether exempted from variation, but the changes to which it is liable are generally slow, gradual, and uniform. In Europe, for example, it is supposed, without much foundation, perhaps, that, during the course of the present and preceding century, they have been constantly, but gradually, sinking in their value, on account of the continual importations from the Spanish West Indies. But to make any sudden change in the price of gold and silver, so as to raise or lower at once, sensibly and remarkably, the money price of all other commodities, requires such a revolution in commerce as that occasioned by the discovery of America.

If, notwithstanding all this, gold and silver should at any time fall short in a country which has wherewithal to purchase them, there are more expedients for supplying their place, than that of almost any other commodity. If the materials of manufacture are wanted, industry must stop. If provisions are wanted, the people must starve. But if money is wanted, barter will supply its place, though with a good deal of inconveniency. Buying and selling upon credit, and the different dealers compensating their credits with one another, once a month or once a year, will supply it with less inconveniency. A well-regulated paper money will supply it, not only without any inconveniency, but, in some cases, with some advantages. Upon every account, there-

fore, the attention of government never was so unnecessarily employed, as when directed to watch over the preservation or increase of the quantity of money in any country.

No complaint, however, is more common than that of a scarcity of money. Money, like wine, must always be scarce with those who have neither wherewithal to buy it, nor credit to borrow it. Those who have either, will seldom be in want either of the money, or of the wine which they have occasion for. This complaint, however, of the scarcity of money, is not always confined to improvident spendthrifts. It is sometimes general through a whole mercantile town, and the country in its neighbourhood. Overtrading is the common cause of it. Sober men, whose projects have been disproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals whose expense has been disproportioned to their revenue. Before their projects can be brought to bear, their stock is gone, and their credit with it. They run about everywhere to borrow money, and every body tells them that they have none to lend. Even such general complaints of the scarcity of money do not always prove that the usual number of gold and silver pieces are not circulating in the country, but that many people want those pieces who have nothing to give for them. When the profits of trade happen to be greater than ordinary, over-trading becomes a general error both among great and small dealers. They

do not always send more money abroad than usual, but they buy upon credit, both at home and abroad, an unusual quantity of goods, which they send to some distant market, in hopes that the returns will come in before the demand for payment. The demand comes before the returns, and they have nothing at hand, with which they can either purchase money, or give solid security for borrowing. It is not any scarcity of gold and silver, but the difficulty which such people find in borrowing, and which their creditors find in getting payment, that occasions the general complaint of the scarcity of money.

It would be too ridiculous to go about seriously to prove, that wealth does not consist in money, or in gold and silver; but in what money purchases, and is valuable only for purchasing. Money, no doubt, makes always a part of the national capital; but it has already been shown that it generally makes but a small part, and always the most unprofitable part of it.

It is not because wealth consists more essentially in money than in goods, that the merchant finds it generally more easy to buy goods with money, than to buy money with goods; but because money is the known and established instrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readiness to be got in exchange for every thing. The greater part of goods besides are more perishable than money, and he may frequently sustain a much greater loss

by keeping them. When his goods are upon hand too, he is more liable to such demands for money as he may not be able to answer, than when he has got their price in his coffers. Over and above all this, his profit arises more directly from selling than from buying, and he is upon all these accounts generally much more anxious to exchange his goods for money, than his money for goods. But though a particular merchant, with abundance of goods in his warehouse, may sometimes be ruined by not being able to sell them in time, a nation or country is not liable to the same accident. The whole capital of a merchant frequently consists in perishable goods destined for purchasing money. But it is but a very small part of the annual produce of the land and labour of a country which can ever be destined for purchasing gold and silver from their neighbours. The far greater part is circulated and consumed among themselves; and even of the surplus which is sent abroad, the greater part is generally destined for the purchase of other foreign goods. Though gold and silver, therefore, could not be had in exchange for the goods destined to purchase them, the nation would not be ruined. It might, indeed, suffer some loss and inconveniency, and be forced upon some of those expedients which are necessary for supplying the place of money. The annual produce of its land and labour, however, would be the same, or very nearly the same, as usual, because the same, or very nearly the same consumable capital would be employed in maintain-

ing it. And though goods do not always draw money so readily as money draws goods, in the long-run they draw it more necessarily than even it draws them. Goods can serve many other purposes besides purchasing money, but money can serve no other purpose besides purchasing goods. Money, therefore, necessarily runs after goods, but goods do not always or necessarily run after money. The man who buys, does not always mean to sell again, but frequently to use or to consume; whereas he who sells, always means to buy again. The one may frequently have done the whole, but the other can never have done more than the one-half of his business. It is not for its own sake that men desire money, but for the sake of what they can purchase with it.

Consumable commodities, it is said, are soon destroyed; whereas gold and silver are of a more durable nature, and, were it not for this continual exportation, might be accumulated for ages together, to the incredible augmentation of the real wealth of the country. Nothing, therefore, it is pretended, can be more disadvantageous to any country, than the trade which consists in the exchange of such lasting for such perishable commodities. We do not, however, reckon that trade disadvantageous which consists in the exchange of the hard-ware of England for the wines of France; and yet hard-ware is a very durable commodity, and were it not for this continual exportation, might too be accumulated for ages together, to the incredible augmenta-

tion of the pots and pans of the country. But it readily occurs that the number of such utensils is in every country necessarily limited by the use which there is for them; that it would be absurd to have more pots and pans than were necessary for cooking the victuals usually consumed there; and that, if the quantity of victuals were to increase, the number of pots and pans would readily increase along with it, a part of the increased quantity of victuals being employed in purchasing them, or in maintaining an additional number of workmen whose business it was to make them. It should as readily occur that the quantity of gold and silver is in every country limited by the use which there is for those metals; that their use consists in circulating commodities as coin, and in affording a species of household furniture as plate; that the quantity of coin in every country is regulated by the value of the commodities which are to be circulated by it: increase that value, and immediately a part of it will be sent abroad to purchase, wherever it is to be had, the additional quantity of coin requisite for circulating them: that the quantity of plate is regulated by the number and wealth of those private families who choose to indulge themselves in that sort of magnificence: increase the number and wealth of such families, and a part of this increased wealth will most probably be employed in purchasing, wherever it is to be found, an additional quantity of plate: that to attempt to increase the wealth of any country, either by introducing or by detaining in it an

unnecessary quantity of gold and silver, is as absurd as it would be to attempt to increase the good cheer of private families, by obliging them to keep an unnecessary number of kitchen utensils. As the expense of purchasing those unnecessary utensils would diminish instead of increasing either the quantity or goodness of the family provisions; so the expense of purchasing an unnecessary quantity of gold and silver must, in every country, as necessarily diminish the wealth which feeds, clothes, and lodges, which maintains and employs the people. Gold and silver, whether in the shape of coin or of plate, are utensils, it must be remembered, as much as the furniture of the kitchen. Increase the use for them, increase the consumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increase the quantity; but if you attempt, by extraordinary means, to increase the quantity, you will as infallibly diminish the use and even the quantity too, which in those metals can never be greater than what the use requires. Were they ever to be accumulated beyond this quantity, their transportation is so easy, and the loss which attends their lying idle and unemployed so great, that no law could prevent their being immediately sent out of the country.

It is not always necessary to accumulate gold and silver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in distant countries. Fleets and armies are maintained, not with gold and silver, but with consumable

goods. The nation which, from the annual produce of its domestic industry, from the annual revenue arising out of its lands, and labour, and consumable stock, has wherewithal to purchase those consumable goods in distant countries, can maintain foreign wars there.

A nation may purchase the pay and provisions of an army in a distant country in three different ways: by sending abroad either, first, some part of its accumulated gold and silver; or secondly, some part of the annual produce of its manufactures; or last of all, some part of its annual rude produce.

The gold and silver which can properly be considered as accumulated or stored up in any country, may be distinguished into three parts: first, the circulating money; secondly, the plate of private families; and last of all, the money which may have been collected by many years' parsimony, and laid up in the treasure of the prince.

It can seldom happen that much can be spared from the circulating money of the country; because in that there can seldom be much redundancy. The value of goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the case of foreign war. By the great number of people who are maintained abroad,

fewer are maintained at home. Fewer goods are circulated there, and less money becomes necessary to circulate them. An extraordinary quantity of paper money, of some sort or other too, such as exchequer notes, navy bills, and bank bills in England, is generally issued upon such occasions, and by supplying the place of circulating gold and silver, gives an opportunity of sending a greater quantity of it abroad. All this, however, could afford but a poor resource for maintaining a foreign war, of great expense and several years' duration.

The melting down of the plate of private families has upon every occasion been found a still more insignificant one. The French, in the beginning of the last war, did not derive so much advantage from this expedient as to compensate the loss of the fashion.

The accumulated treasures of the prince have, in former times, afforded a much greater and more lasting resource. In the present times, if you except the king of Prussia, to accumulate treasure seems to be no part of the policy of European princes.

The funds which maintained the foreign wars of the present century, the most expensive, perhaps, which history records, seem to have had little dependency upon the exportation either of the circulating money, or of the plate of private families, or of the treasure of the prince. The last French war cost Great Britain upwards of ninety millions, in-

cluding not only the seventy-five millions of new debt that was contracted, but the additional two shillings in the pound land-tax, and what was annually borrowed of the sinking fund. More than two-thirds of this expense were laid out in distant countries; in Germany, Portugal, America, in the ports of the Mediterranean, in the East and West Indies. The kings of England had no accumulated treasure. We never heard of any extraordinary quantity of plate being melted down. The circulating gold and silver of the country had not been supposed to exceed eighteen millions. Since the late re-coinage of the gold, however, it is believed to have been a good deal under-rated. Let us suppose, therefore, according to the most exaggerated computation which I remember to have either seen or heard of, that, gold and silver together, it amounted to thirty millions. Had the war been carried on by means of our money, the whole of it must, even according to this computation, have been sent out and returned again at least twice, in a period of between six and seven years. Should this be supposed, it would afford the most decisive argument to demonstrate how unnecessary it is for government to watch over the preservation of money, since upon this supposition the whole money of the country must have gone from it and returned to it again, two different times in so short a period, without any body's knowing any thing of the matter. The channel of circulation, however, never appeared more empty than usual during any part of this period. Few people wanted money who had where-

withal to pay for it. The profits of foreign trade, indeed, were greater than usual during the whole war; but especially towards the end of it. This occasioned, what it always occasions, a general over-trading in all the ports of Great Britain; and this again occasioned the usual complaint of the scarcity of money, which always follows over-trading. Many people wanted it, who had neither wherewithal to buy it, nor credit to borrow it; and because the debtors found it difficult to borrow, the creditors found it difficult to get payment. Gold and silver, however, were generally to be had for their value, by those who had that value to give for them.

The enormous expense of the late war, therefore, must have been chiefly defrayed, not by the exportation of gold and silver, but by that of British commodities of some kind or other. When the government, or those who acted under them, contracted with a merchant for a remittance to some foreign country, he would naturally endeavour to pay his foreign correspondent, upon whom he had granted a bill, by sending abroad rather commodities than gold and silver. If the commodities of Great Britain were not in demand in that country, he would endeavour to send them to some other country, in which he could purchase a bill upon that country. The transportation of commodities, when properly suited to the market, is always attended with a considerable profit; whereas that of gold and silver is scarce ever attended with any. When those metals are sent abroad in order to purchase foreign

commodities, the merchant's profit arises, not from the purchase, but from the sale of the returns. But when they are sent abroad merely to pay a debt, he gets no returns, and consequently no profit. He naturally, therefore, exerts his invention to find out a way of paying his foreign debts, rather by the exportation of commodities than by that of gold and silver. The great quantity of British goods exported during the course of the late war, without bringing back any returns, is accordingly remarked by the author of The Present State of the Nation.

Besides the three sorts of gold and silver above mentioned, there is in all great commercial countries a good deal of bullion alternately imported and exported for the purposes of foreign trade. This bullion, as it circulates among different commercial countries in the same manner as the national coin circulates in every particular country, may be considered as the money of the great mercantile republic. The national coin receives its movement and direction from the commodities circulated within the precincts of each particular country: the money of the mercantile republic, from those circulated between different countries. Both are employed in facilitating exchanges, the one between different individuals of the same, the other between those of different nations. Part of this money of the great mercantile republic may have been, and probably was, employed in carrying on the late war. In time of a general war it is natural to suppose that a movement and direction should be impressed upon

it, different from what it usually follows in profound peace; that it should circulate more about the seat of the war, and be more employed in purchasing there, and in the neighbouring countries, the pay and provisions of the different armies. But whatever part of this money of the mercantile republic Great Britain may have annually employed in this manner, it must have been annually purchased, either with British commodities, or with something else that had been purchased with them; which still bring us back to commodities, to the annual produce of the land and labour of the country, as the ultimate resources which enabled us to carry on the war. It is natural indeed to suppose, that so great an annual expense must have been defrayed from a great annual produce. The expense of 1761, for example, amounted to more than nineteen millions. No accumulation could have supported so great an annual profusion. There is no annual produce even of gold and silver which could have supported it. The whole gold and silver annually imported into both Spain and Portugal, according to the best accounts, does not commonly much exceed six millions sterling, which, in some years, would scarce have paid four months' expense of the late war.

The commodities most proper for being transported to distant countries, in order to purchase there, either the pay and provisions of an army, or some part of the money of the mercantile republic to be employed in purchasing them, seem to be the *finer* and more improved manufactures; such as

contain a great value in a small bulk, and can, therefore, be exported to a great distance at little expense. A country whose industry produces a great annual surplus of such manufactures, which are usually exported to foreign countries, may carry on for many years a very expensive foreign war, without either exporting any considerable quantity of gold and silver, or even having any such quantity to export. A considerable part of the annual surplus of its manufactures must, indeed, in this case be exported, without bringing back any returns to the country, though it does to the merchant; the government purchasing of the merchant his bills upon foreign countries, in order to purchase there the pay and provisions of an army. Some part of this surplus, however, may still continue to bring back a return. The manufacturers, during the war, will have a double demand upon them, and be called upon, first, to work up goods to be sent abroad, for paying the bills drawn upon foreign countries for the pay and provisions of the army; and, secondly, to work up such as are necessary for purchasing the common returns that had usually been consumed in the country. In the midst of the most destructive foreign war, therefore, the greater part of manufactures may frequently flourish greatly; and, on the contrary, they may decline on the return of the peace. They may flourish amidst the ruin of their country, and begin to decay upon the return of its prosperity. The different state of many different branches of the Bri-

tish manufactures during the late war, and for some time after the peace, may serve as an illustration of what has been just now said.

No foreign war of great expense or duration could conveniently be carried on by the exportation of the rude produce of the soil. The expense of sending such a quantity of it to a foreign country, as might purchase the pay and provisions of an army, would be too great. Few countries too produce much more rude produce than what is sufficient for the subsistence of their own inhabitants. To send abroad any great quantity of it, therefore, would be to send abroad a part of the necessary subsistence of the people. It is otherwise with the exportation of manufactures. The maintenance of the people employed in them is kept at home, and only the surplus part of their work is exported. Mr. Hume frequently takes notice of the inability of the ancient kings of England to carry on, without interruption, any foreign war of long duration. The English, in those days, had nothing wherewithal to purchase the pay and provisions of their armies in foreign countries, but either the rude produce of the soil, of which no considerable part could be spared from the home consumption, or a few manufactures of the coarsest kind, of which, as well as of the rude produce, the transportation was too expensive. This inability did not arise from the want of money, but of the finer and more improved manufactures. Buying and selling was transacted by means of money in England then, as

well as now. The quantity of circulating money must have borne the same proportion to the number and value of purchases and sales usually transacted at that time, which it does to those transacted at present; or rather, it must have borne a greater proportion, because there was then no paper, which now occupies a great part of the employment of gold and silver. Among nations to whom commerce and manufactures are little known, the sovereign, upon extraordinary occasions, can seldom draw any considerable aid from his subjects, for reasons which shall be explained hereafter. It is in such countries, therefore, that he generally endeavours to accumulate a treasure, as the only resource against such emergencies. Independent of this necessity, he is in such a situation naturally disposed to the parsimony requisite for accumulation. In that simple state, the expense even of a sovereign is not directed by the vanity which delights in the gaudy finery of a court, but is employed in bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance, though vanity almost always does. Every Tartar chief, accordingly, has a treasure. The treasures of Mazeppa, chief of the Cossacks in the Ukraine, the famous ally of Charles the 12th, are said to have been very great. The French kings of the Merovingian race had all treasures. When they divided their kingdom among their different children, they divided their treasure too. The Saxon princes, and the first kings after the con-

quest, seem likewise to have accumulated treasures. The first exploit of every new reign was commonly to seize the treasure of the preceding king, as the most essential measure for securing the succession. The sovereigns of improved and commercial countries are not under the same necessity of accumulating treasures, because they can generally draw from their subjects extraordinary aids upon extraordinary occasions. They are likewise less disposed to do so. They naturally, perhaps necessarily, follow the mode of the times, and their expense comes to be regulated by the same extravagant vanity which directs that of all the other great proprietors in their dominions. The insignificant pageantry of their court becomes every day more brilliant, and the expense of it not only prevents accumulation, but frequently encroaches upon the funds destined for more necessary expenses. What Dercyllidas said of the court of Persia may be applied to that of several European princes, that he saw there much splendour but little strength, and many servants but few soldiers.

The importation of gold and silver is not the principal, much less the sole benefit which a nation derives from its foreign trade. Between whatever places foreign trade is carried on, they all of them derive two distinct benefits from it. It carries out that surplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it something else for which there is a demand. It gives a value

to their superfluities, by exchanging them for something else which may satisfy a part of their wants, and increase their enjoyments. By means of it, the narrowness of the home market does not hinder the division of labour (employments) in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption, it encourages them to improve its productive powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society. These great and important services foreign trade is continually occupied in performing, to all the different countries between which it is carried on. They all derive great benefit from it, though that in which the merchant resides generally derives the greatest, as he is generally more employed in supplying the wants, and carrying out the superfluities of his own, than of any other particular country. To import the gold and silver which may be wanted, into the countries which have no mines, is, no doubt, a part of the business of foreign commerce. It is, however, a most insignificant part of it. A country which carried on foreign trade merely upon this account, could scarce have occasion to freight a ship in a century.

It is not by the importation of gold and silver, that the discovery of America has enriched Europe. By the abundance of the American mines, those metals have become cheaper. A service of plate

can now be purchased for about a third part of the corn, or a third part of the labour, which it would have cost in the fifteenth century. With the same annual expense of labour and commodities, Europe can annually purchase about three times the quantity of plate which it could have purchased at that time. But when a commodity comes to be sold for a third part of what had been its usual price, not only those who purchased it before can purchase three times their former quantity, but it is brought down to the level of a much greater number of purchasers, perhaps no more than ten, perhaps no more than twenty times the former number. So that there may be in Europe at present not only more than three times, but more than twenty or thirty times the quantity of plate which would have been in it, even in its present state of improvement, had the discovery of the American mines never been made. So far Europe has, no doubt, gained a real conveniency, though surely a very trifling one. The cheapness of gold and silver renders those metals rather less fit for the purposes of money than they were before. In order to make the same purchases, we must load ourselves with a greater quantity of them, and carry about a shilling in our pocket where a groat would have done before. It is difficult to say which is most trifling, this inconveniency, or the opposite conveniency. Neither the one nor the other could have made any very essential change in the state of Europe. The discovery of America, however, certainly made

a most essential one. By opening a new and inexhaustible market to all the commodities of Europe, it gave occasion to new divisions of labour [employments] and improvements of art, which, in the narrow circle of the ancient commerce, could never have taken place for want of a market to take off the greater part of their produce. The productive powers of labour were improved, and its produce increased in all the different countries of Europe, and together with it the real revenue and wealth of the inhabitants. The commodities of Europe were almost all new to America, and many of those of America were new to Europe. A new set of exchanges, therefore, began to take place which had never been thought of before, and which should naturally have proved as advantageous to the new, as it certainly did to the old continent. The savage injustice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and destructive to several of those unfortunate countries.

The discovery of a passage to the East Indies by the Cape of Good Hope, which happened much about the same time, opened, perhaps, a still more extensive range to foreign commerce than even that of America, notwithstanding the greater distance. There were but two nations in America, in any respect superior to savages, and these were destroyed almost as soon as discovered. The rest were mere savages. But the empires of China, Indostan, Japan, as well as several others in the East Indies, without having richer mines of gold

or silver, were in every other respect much richer, better cultivated, and more advanced in all arts and manufactures than either Mexico or Peru, even though we should credit, what plainly deserves no credit, the exaggerated accounts of the Spanish writers, concerning the ancient state of those empires. But rich and civilized nations can always exchange to a much greater value with one another, than with savages and barbarians. Europe, however, has hitherto derived much less advantage from its commerce with the East Indies, than from that with America. The Portuguese monopolized the East India trade to themselves for about a century, and it was only indirectly, and through them, that the other nations of Europe could either send out or receive any goods from that country. When the Dutch, in the beginning of the last century, began to encroach upon them, they vested their whole East India commerce in an exclusive company. The English, French, Swedes, and Danes, have all followed their example, so that no great nation in Europe has ever yet had the benefit of a free commerce to the East Indies. No other reason need be assigned why it has never been so advantageous as the trade to America, which, between almost every nation of Europe and its own colonies, is free to all its subjects. The exclusive privileges of those East India companies, their great riches, the great favour and protection which these have procured them from their respective governments, have excited much envy against them. This envy

has frequently represented their trade as altogether pernicious, on account of the great quantities of silver, which it every year exports from the countries from which it is carried on. The parties concerned have replied, that their trade, by this continual exportation of silver, might, indeed, tend to impoverish Europe in general, but not the particular country from which it was carried on; because, by the exportation of a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection and the reply are founded in the popular notion which I have been just now examining. It is, therefore, unnecessary to say any thing further about either. By the annual exportation of silver to the East Indies, plate is probably somewhat dearer in Europe than it otherwise might have been; and coined silver probably purchases a larger quantity both of labour and commodities. The former of these two effects is a very small loss, the latter a very small advantage; both too insignificant to deserve any part of the public attention. The trade to the East Indies, by opening a market to the commodities of Europe, or, what comes nearly to the same thing, to the gold and silver which is purchased with those commodities, must necessarily tend to increase the annual production of European commodities, and consequently the real wealth and revenue of Europe. That it has hitherto increased them so little is probably owing to the restraints which it everywhere labours under.

I thought it necessary, though at the hazard of being tedious, to examine at full length this popular notion that wealth consists in money, or in gold and silver. Money in common language, as I have already observed, frequently signifies wealth; and this ambiguity of expression has rendered this popular notion so familiar to us, that even they who are convinced of its absurdity are very apt to forget their own principles, and in the course of their reasonings to take it for granted as a certain and undeniable truth. Some of the best English writers upon commerce set out with observing, that the wealth of a country consists, not in its gold and silver only, but in its lands, houses, and consumable goods of all different kinds. In the course of their reasonings, however, the lands, houses, and consumable goods seem to slip out of their memory, and the strain of their argument frequently supposes that all wealth consists in gold and silver, and that to multiply those metals is the great object of national industry and commerce.

The two principles being established, however, that wealth consisted in gold and silver, and that those metals could be brought into a country which had no mines only by the balance of trade, or by exporting to a greater value than it imported; it necessarily became the great object of political economy to diminish as much as possible the importation of foreign goods for home consumption, and to increase as much as possible the exportation of the produce of domestic industry. Its two great

engines for enriching the country, therefore, were restraints upon importation, and encouragements to exportation.

The restraints upon importation were of two kinds.

First, Restraints upon the importation of such foreign goods for home consumption as could be produced at home, from whatever country they were imported.

Secondly, Restraints upon the importation of goods of almost all kinds from those particular countries with which the balance of trade was supposed to be disadvantageous.

Those different restraints consisted sometimes in high duties, and sometimes in absolute prohibitions.

Exportation was encouraged sometimes by drawbacks, sometimes by bounties, sometimes by advantageous treaties of commerce with foreign states, and sometimes by the establishment of colonies in distant countries.

Drawbacks were given upon two different occasions. When the home manufactures were subject to any duty or excise, either the whole or a part of it was frequently drawn back upon their exportation; and when foreign goods liable to a duty were imported in order to be exported again, either the whole or a part of this duty was sometimes given back upon such exportation.

Bounties were given for the encouragement either of some beginning manufactures, or of such sorts of industry of other kinds as were supposed to deserve particular favour.

By advantageous treaties of commerce, particular privileges were procured in some foreign state for the goods and merchants of the country, beyond what were granted to those of other countries.

By the establishment of colonies in distant countries, not only particular privileges, but a monopoly was frequently procured for the goods and merchants of the country which established them.

The two sorts of restraints upon importation above-mentioned, together with these four encouragements to exportation, constitute the six principal means by which the commercial system proposes to increase the quantity of gold and silver in any country by turning the balance of trade in its favour. I shall consider each of them in a particular chapter, and without taking much further notice of their supposed tendency to bring money into the country, I shall examine chiefly what are likely to be the effects of each of them upon the annual produce of its industry. According as they tend either to increase or diminish the value of this annual produce, they must evidently tend either to increase or diminish the real wealth and revenue of the country.

CHAPTER II.

Of Restraints upon the Importation from Foreign Countries of such Goods as can be produced at Home.

By restraining, either by high duties, or by absolute prohibitions, the importation of such goods from foreign countries as can be produced at home, the monopoly of the home-market is more or less secured to the domestic industry employed in producing them. Thus the prohibition of importing either live cattle or salt provisions from foreign countries secures to the graziers of Great Britain the monopoly of the home-market for butchers'-meat. The high duties upon the importation of corn, which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollens is equally favourable to the woollen manufactures. The silk manufacture, though altogether employed upon foreign materials, has lately obtained the same advantage. The linen manufacture has not yet obtained it, but is making great strides towards it. Many other sorts of manufactures have, in the same manner, obtained in Great Britain, either altogether, or very nearly a monopoly against their countrymen. The variety of goods of

which the importation into Great Britain is prohibited, either absolutely, or under certain circumstances, greatly exceeds what can easily be suspected by those who are not well acquainted with the laws of the customs.

That this monopoly of the home-market frequently gives great encouragement to that particular species of industry which enjoys it, and frequently turns towards that employment a greater share of both the labour and stock of the society than would otherwise have gone to it, cannot be doubted. But whether it tends either to increase the general industry of the society, or to give it the most advantageous direction, is not, perhaps, altogether so evident.

The general industry of the society never can exceed what the capital of the society can employ. As the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital, so the number of those that can be continually employed by all the members of a great society must bear a certain proportion to the whole capital of that society, and never can exceed that proportion. No regulation of commerce can increase the quantity of industry in any society beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwise have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the society than that into which it would have gone of its own accord.

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society.

First, every individual endeavours to employ his capital as near home as he can, and consequently as much as he can in the support of domestic industry; provided always that he can thereby obtain the ordinary, or not a great deal less than the ordinary profits of stock.

Thus, upon equal or nearly equal profits, every wholesale merchant naturally prefers the home-trade to the foreign trade of consumption, and the foreign trade of consumption to the carrying trade. In the home-trade his capital is never so long out of his sight as it frequently is in the foreign trade of consumption. He can know better the character and situation of the persons whom he trusts, and if he should happen to be deceived, he knows better the laws of the country from which he must seek redress. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever necessarily brought home, or placed under his own immediate view and command. The capital which an Amsterdam merchant employs in carrying corn from Konigsberg to Lisbon, and fruit and wine from Lisbon

to Konigsberg, must generally be the one-half of it at Konigsberg and the other half at Lisbon. No part of it need ever come to Amsterdam. The natural residence of such a merchant should either be at Konigsberg or Lisbon, and it can only be some very particular circumstances which can make him prefer the residence of Amsterdam. The uneasiness, however, which he feels at being separated so far from his capital generally determines him to bring part both of the Konigsberg goods which he destines for the market of Lisbon, and of the Lisbon goods which he destines for that of Konigsberg, to Amsterdam: and though this necessarily subjects him to a double charge of loading and unloading, as well as to the payment of some duties and customs, yet for the sake of having some part of his capital always under his own view and command, he willingly submits to this extraordinary charge; and it is in this manner that every country which has any considerable share of the carrying trade becomes always the emporium, or general market for the goods of all the different countries whose trade it carries on. The merchant, in order to save a second loading and unloading, endeavours always to sell in the home-market as much of the goods of all those different countries as he can, and thus, so far as he can, to convert his carrying trade into a foreign trade of consumption. A merchant, in the same manner, who is engaged in the foreign trade of consumption, when he collects goods for foreign markets, will always be glad, upon equal or

nearly equal profits, to sell as great a part of them at home as he can. He saves himself the risk and trouble of exportation, when, so far as he can, he thus converts his foreign trade of consumption into a home-trade. Home is in this manner the centre, if I may say so, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular causes they may sometimes be driven off and repelled from it towards more distant employments. But a capital employed in the home-trade, it has already been shown, necessarily puts into motion a greater quantity of domestic industry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of consumption; and one employed in the foreign trade of consumption has the same advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country.

Secondly, every individual who employs his capital in the support of domestic industry, necessarily endeavours so to direct that industry, that its produce may be of the greatest possible value.

The produce of industry is what it adds to the subject or materials upon which it is employed. In

proportion as the value of this produce is great or small, so will likewise be the profits of the employer. But it is only for the sake of profit that any man employs a capital in the support of industry; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of the greatest value, or to exchange for the greatest quantity either of money or of other goods.

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that

of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would no where be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home

what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce.

According to the supposition, that commodity could be purchased from foreign countries cheaper than it can be made at home. It could, therefore, have been purchased with a part only of the commodities, or, what is the same thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course. The industry of the country, therefore, is thus turned away from a more to a less advantageous employment, and the exchangeable value of its annual produce, instead of being increased, according to the intention of the lawgiver, must necessarily be diminished by every such regulation.

By means of such regulations, indeed, a particular manufacture may sometimes be acquired sooner than it could have been otherwise, and after a certain time may be made at home as cheap or cheaper than in the foreign country. But though the industry of the society may be thus carried with advantage into a particular channel sooner than it could have been otherwise, it will by no means follow that the sum total, either of its industry, or of its revenue, can ever be augmented by any such regulation. The industry of the society can augment only in proportion as its capital augments, and its capital can augment only in proportion to what can be gradually saved out of its revenue. But the immediate effect of every such regulation is to diminish its revenue, and what diminishes its revenue is certainly not very likely to augment its capital

faster than it would have augmented of its own accord, had both capital and industry been left to find out their natural employments.

Though for want of such regulations the society should never acquire the proposed manufacture, it would not, upon that account, necessarily be the poorer in any one period of its duration. In every period of its duration its whole capital and industry might still have been employed, though upon different objects, in the manner that was most advantageous at the time. In every period its revenue might have been the greatest which its capital could afford, and both capital and revenue might have been augmented with the greatest possible rapidity.

The natural advantages which one country has over another in producing particular commodities are sometimes so great, that it is acknowledged by all the world to be in vain to struggle with them. By means of glasses, hot-beds, and hot-walls, very good grapes can be raised in Scotland, and very good wine too can be made of them at about thirty times the expense for which at least equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment thirty times more of the capital and industry of the country than would be necessary to purchase from foreign countries an equal

quantity of the commodities wanted, there must be an absurdity, though not altogether so glaring, yet exactly of the same kind, in turning towards any such employment a thirtieth, or even a three-hundredth part more of either. Whether the advantages which one country has over another be natural or acquired, is in this respect of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exercises another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.

Merchants and manufacturers are the people who derive the greatest advantage from this monopoly of the home market. The prohibition of the importation of foreign cattle, and of salt provisions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near so advantageous to the graziers and farmers of Great Britain, as other regulations of the same kind are to its merchants and manufacturers. Manufactures, those of the finer kind especially, are more easily transported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very small advantage will enable foreigners to undersell our

own workmen, even in the home market. It will require a very great one to enable them to do so in the rude produce of the soil. If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them, perhaps, go to ruin altogether, and a considerable part of the stock and industry at present employed in them would be forced to find out some other employment. But the freest importation of the rude produce of the soil could have no such effect upon the agriculture of the country.

If the importation of foreign cattle, for example, were made ever so free, so few could be imported, that the grazing trade of Great Britain could be little affected by it. Live cattle are, perhaps, the only commodity of which the transportation is more expensive by sea than by land. By land they carry themselves to market. By sea, not only the cattle, but their food and their water too, must be carried at no small expense and inconveniency. The short sea between Ireland and Great Britain, indeed, renders the importation of Irish cattle more easy. But though the free importation of them, which was lately permitted only for a limited time, were rendered perpetual, it could have no considerable effect upon the interest of the graziers of Great Britain. Those parts of Great Britain which border upon the Irish sea are all grazing countries. Irish cattle could never be imported for their use, but must be drove through those very extensive countries, at no

small expense and inconveniency, before they could arrive at their proper market. Fat cattle could not be drove so far. Lean cattle, therefore, only could be imported, and such importation could interfere, not with the interest of the feeding or fattening countries, to which, by reducing the price of lean cattle, it would rather be advantageous, but with that of the breeding countries only. The small number of Irish cattle imported since their importation was permitted, together with the good price at which lean cattle still continue to sell, seem to demonstrate that even the breeding countries of Great Britain are never likely to be much affected by the free importation of Irish cattle. The common people of Ireland, indeed, are said to have sometimes opposed with violence the exportation of their cattle. But if the exporters had found any great advantage in continuing the trade, they could easily, when the law was on their side, have conquered this mobbish opposition.

Feeding and fattening countries, besides, must always be highly improved, whereas breeding countries are generally uncultivated. The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty against improvement. To any country which was highly improved throughout, it would be more advantageous to import its lean cattle than to breed them. The province of Holland, accordingly, is said to follow this maxim at present. The mountains of Scotland, Wales, and Northumberland, indeed, are countries not capable of much

improvement, and seem destined by nature to be the breeding countries of Great Britain. The freest importation of foreign cattle could have no other effect than to hinder those breeding countries from taking advantage of the increasing population and improvement of the rest of the kingdom, from raising their price to an exorbitant height, and from laying a real tax upon all the more improved and cultivated parts of the country.

The freest importation of salt provisions, in the same manner, could have as little effect upon the interest of the graziers of Great Britain as that of live cattle. Salt provisions are not only a very bulky commodity, but when compared with fresh meat, they are a commodity both of worse quality, and as they cost more labour and expense, of higher price. They could never, therefore, come into competition with the fresh meat, though they might with the salt provisions of the country. They might be used for victualling ships for distant voyages, and such like uses, but could never make any considerable part of the food of the people. The small quantity of salt provisions imported from Ireland since their importation was rendered free, is an experimental proof that our graziers have nothing to apprehend from it. It does not appear that the price of butchers' meat has ever been sensibly affected by it.

Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. Corn is a much more bulky commodity

than butchers' meat. A pound of wheat at a penny is as dear as a pound of butchers' meat at four-pence. The small quantity of foreign corn imported even in times of the greatest scarcity, may satisfy our farmers that they can have nothing to fear from the freest importation. The average quantity imported, one year with another, amounts only, according to the very well informed author of the tracts upon the corn trade, to twenty-three thousand seven hundred and twenty-eight quarters of all sorts of grain, and does not exceed the five-hundredth and seventy-one part of the annual consumption. But as the bounty upon corn occasions a greater exportation in years of plenty, so it must of consequence occasion a greater importation in years of scarcity, than in the actual state of tillage would otherwise take place. By means of it, the plenty of one year does not ompensate the scarcity of another, and as the ave- age quantity exported is necessarily augmented by , so must likewise, in the actual state of tillage, ie average quantity imported. If there were no unty, as less corn would be exported, so it is pro- ble that, one year with another, less would be ported than at present. The corn merchants, the hers and carriers of corn between Great Britain foreign countries, would have much less employ- it, and might suffer considerably; but the coun- gentlemen and farmers could suffer very little. in the corn merchants accordingly, rather than ie country gentlemen and farmers, that I have

observed the greatest anxiety for the renewal and continuation of the bounty.

Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly. The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him. The Dutch undertaker of the woollen manufacture at Abbeville stipulated that no work of the same kind should be established within thirty leagues of that city. Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of their neighbours' farms and estates. They have no secrets, such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as possible any new practice which they have found to be advantageous. *Pius Questus*, says old Cato, *stabilissimusque, minimeque invidiosus; minimeque male cogitantes sunt, qui in eo studio occupati sunt.* Country gentlemen and farmers, dispersed in different parts of the country, cannot so easily combine as merchants and manufacturers, who being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them, naturally endeavour to obtain against all their countrymen the same exclusive privilege which they generally possess against the inhabitants of their respective towns. They ac-

cordingly seem to have been the original inventors of those restraints upon the importation of foreign goods, which secure to them the monopoly of the home-market. It was probably in imitation of them, and to put themselves upon a level with those who, they found, were disposed to oppress them, that the country gentlemen and farmers of Great Britain so far forgot the generosity which is natural to their station, as to demand the exclusive privilege of supplying their countrymen with corn and butchers' meat. They did not perhaps take time to consider how much less their interest could be affected by the freedom of trade, than that of the people whose example they followed.

To prohibit by a perpetual law the importation of foreign corn and cattle, is in reality to enact, that the population and industry of the country shall at no time exceed what the rude produce of its own soil can maintain.

There seem, however, to be two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry.

The first is, when some particular sort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country, in some cases, by absolute prohibitions,

and in others by heavy burdens upon the shipping of foreign countries. The following are the principal dispositions of this act.

First, all ships, of which the owners, masters, and three-fourths of the mariners are not British subjects, are prohibited, upon pain of forfeiting ship and cargo, from trading to the British settlements and plantations, or from being employed in the coasting trade of Great Britain.

Secondly, a great variety of the most bulky articles of importation can be brought into Great Britain only, either in such ships as are above described, or in ships of the country where those goods are produced, and of which the owners, masters, and three-fourths of the mariners, are of that particular country; and when imported even in ships of this latter kind, they are subject to double aliens duty. If imported in ships of any other country, the penalty is forfeiture of ship and goods. When this act was made, the Dutch were, what they still are, the great carriers of Europe, and by this regulation they were entirely excluded from being the carriers to Great Britain, or from importing to us the goods of any other European country.

Thirdly, a great variety of the most bulky articles of importation are prohibited from being imported, even in British ships, from any country but that in which they are produced, under pain of forfeiting ship and cargo. This regulation too was probably intended against the Dntch. Holland was then, as now, the great emporium for all European goods,

and by this regulation British ships were hindered from loading in Holland the goods of any other European country.

Fourthly, salt fish of all kinds, whale-fins, whale-bone, oil, and blubber, not caught by and cured on board British vessels, when imported into Great Britain, are subjected to double aliens duty. The Dutch, as they are still the principal, were then the only fishers in Europe that attempted to supply foreign nations with fish. By this regulation, a very heavy burden was laid upon their supplying Great Britain.

When the act of navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the government of the long parliament, which first framed this act, and it broke out soon after in the Dutch wars during that of the Protector and of Charles II. It is not impossible, therefore, that some of the regulations of this famous act may have proceeded from national animosity. They are as wise, however, as if they had all been dictated by the most deliberate wisdom. National animosity at that particular time aimed at the very same object which the most deliberate wisdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the security of England.

The act of navigation is not favourable to foreign commerce or to the growth of that opulence which can arise from it. The interest of a nation in its

commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap and to sell as dear as possible. But it will be most likely to buy cheap, when by the most perfect freedom of trade it encourages all nations to bring to it the goods which it has occasion to purchase; and, for the same reason, it will be most likely to sell dear, when its markets are thus filled with the greatest number of buyers. The act of navigation, it is true, lays no burden upon foreign ships that come to export the produce of British industry. Even the ancient aliens duty, which used to be paid upon all goods exported as well as imported, has, by several subsequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to sell, they cannot always afford to come to buy; because, coming without a cargo, they must lose the freight from their own country to Great Britain. By diminishing the number of sellers, therefore, we necessarily diminish that of buyers, and are thus likely not only to buy foreign goods dearer, but to sell our own cheaper than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.

The second case, in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry, is,

when some tax is imposed at home upon the produce of the latter. In this case, it seems reasonable that an equal tax should be imposed upon the like produce of the former. This would not give the monopoly of the home market to domestic industry, nor turn towards a particular employment a greater share of the stock and labour of the country, than what would naturally go to it. It would only hinder any part of what would naturally go to it from being turned away by the tax, into a less natural direction, and would leave the competition between foreign and domestic industry, after the tax, as nearly as possible upon the same footing as before it. In Great Britain, when any such tax is laid upon the produce of domestic industry, it is usual at the same time, in order to stop the clamorous complaints of our merchants and manufacturers, that they will be undersold at home, to lay a much heavier duty upon the importation of all foreign goods of the same kind.

This second limitation of the freedom of trade according to some people should, upon some occasions, be extended much farther than to the precise foreign commodities which could come into competition with those which had been taxed at home. When the necessaries of life have been taxed in any country, it becomes proper, they pretend, to tax not only the like necessaries of life imported from other countries, but all sorts of foreign goods which can come into competition with any thing that is the produce of domestic industry.

Subsistence, they say, becomes necessarily dearer in consequence of such taxes; and the price of labour must always rise with the price of the labourer's subsistence. Every commodity, therefore, which is the produce of domestic industry, though not immediately taxed itself, becomes dearer in consequence of such taxes, because the labour which produces it becomes so. Such taxes, therefore, are really equivalent, they say, to a tax upon every particular commodity produced at home. In order to put domestic upon the same footing with foreign industry, therefore, it becomes necessary, they think, to lay some duty upon every foreign commodity, equal to this enhancement of the price of the home commodities with which it can come into competition.

Whether taxes upon the necessaries of life, such as those in Great Britain upon soap, salt, leather, candles, &c., necessarily raise the price of labour, and consequently that of all other commodities, I shall consider hereafter, when I come to treat of taxes. Supposing, however, in the mean time, that they have this effect, and they have it undoubtedly, this general enhancement of the price of all commodities, in consequence of that of labour, is a case which differs in the two following respects from that of a particular commodity, of which the price was enhanced by a particular tax immediately imposed upon it.

First, it might always be known with great exactness how far the price of such a commodity

could be enhanced by such a tax: but how far the general enhancement of the price of labour might affect that of every different commodity about which labour was employed could never be known with any tolerable exactness. It would be impossible, therefore, to proportion with any tolerable exactness the tax upon every foreign, to this enhancement of the price of every home commodity.

Secondly, taxes upon the necessaries of life have nearly the same effect upon the circumstances of the people as a poor soil and a bad climate. Provisions are thereby rendered dearer in the same manner as if it required extraordinary labour and expense to raise them. As in the natural scarcity arising from soil and climate, it would be absurd to direct the people in what manner they ought to employ their capitals and industry, so is it likewise in the artificial scarcity arising from such taxes. To be left to accommodate, as well as they could, their industry to their situation, and to find out those employments in which, notwithstanding their unfavourable circumstances, they might have some advantage either in the home or in the foreign market, is what in both cases would evidently be most for their advantage. To lay a new tax upon them, because they are already overburdened with taxes, and because they already pay too dear for the necessaries of life, to make them likewise pay too dear for the greater part of other commodities, is certainly a most absurd way of making amends.

Such taxes, when they have grown up to a cer-

tain height, are a curse equal to the barrenness of the earth and the inclemency of the heavens; and yet it is in the richest and most industrious countries that they have been most generally imposed. No other countries could support so great a disorder. As the strongest bodies only can live and enjoy health under an unwholesome regimen; so the nations only that in every sort of industry have the greatest natural and acquired advantages can subsist and prosper under such taxes. Holland is the country in Europe in which they abound most, and which from peculiar circumstances continues to prosper, not by means of them, as has been most absurdly supposed, but in spite of them.

As there are two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry; so there are two others in which it may sometimes be a matter of deliberation,—in the one, how far it is proper to continue the free importation of certain foreign goods; and in the other, how far, or in what manner, it may be proper to restore that free importation after it has been for some time interrupted.

The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is, when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge in this case naturally dictates retaliation, and that we should

impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours. Nations accordingly seldom fail to retaliate in this manner. The French have been particularly forward to favour their own manufactures by restraining the importation of such foreign goods as could come into competition with them. In this consisted a great part of the policy of Mr. Colbert, who, notwithstanding his great abilities, seems in this case to have been imposed upon by the sophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France that his operations of this kind have not been beneficial to his country. That minister, by the tariff of 1667, imposed very high duties upon a great number of foreign manufactures. Upon his refusing to moderate them in favour of the Dutch, they in 1671 prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 seems to have been in part occasioned by this commercial dispute. The peace of Nimeguen put an end to it in 1678, by moderating some of those duties in favour of the Dutch, who in consequence took off their prohibition. It was about the same time that the French and English began mutually to oppress each other's industry, by the like duties and prohibitions, of which the French, however, seem to have set the first example. The spirit of hostility which has subsisted between the two nations ever since

has hitherto hindered them from being moderated on either side. In 1697 the English prohibited the importation of bone-lace, the manufacture of Flanders. The government of that country, at that time under the dominion of Spain, prohibited in return the importation of English woollens. In 1700, the prohibition of importing bone-lace into England was taken off upon condition that the importation of English woollens into Flanders should be put on the same footing as before.

There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconvenience of paying dearer during a short time for some sorts of goods. To judge whether such retaliations are likely to produce such an effect, does not, perhaps, belong so much to the science of a legislator, whose deliberations ought to be governed by general principles which are always the same, as to the skill of that insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs. When there is no probability that any such repeal can be procured, it seems a bad method of compensating the injury done to certain classes of our people, to do another injury ourselves, not only to those classes, but to almost all the other classes of them. When our neighbours prohibit some manufacture of ours, we

generally prohibit, not only the same, for that alone would seldom affect them considerably, but some other manufacture of theirs. This may no doubt give encouragement to some particular class of workmen among ourselves, and, by excluding some of their rivals, may enable them to raise their price in the home market. Those workmen, however, who suffered by our neighbours' prohibition will not be benefited by ours. On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods. Every such law, therefore, imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours' prohibition, but of some other class.

The case in which it may sometimes be a matter of deliberation, how far, or in what manner, it is proper to restore the free importation of foreign goods, after it has been for some time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home market, as to deprive

all at once many thousands of our people of their ordinary employment and means of subsistence. The disorder which this would occasion might no doubt be very considerable. It would in all probability, however, be much less than is commonly imagined, for the two following reasons:

First, all those manufactures, of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freest importation of foreign goods. Such manufactures must be sold as cheap abroad as any other foreign goods of the same quality and kind, and consequently must be sold cheaper at home. They would still, therefore, keep possession of the home market, and though a capricious man of fashion might sometimes prefer foreign wares, merely because they were foreign, to cheaper and better goods of the same kind that were made at home, this folly could, from the nature of things, extend to so few, that it could make no sensible impression upon the general employment of the people. But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hard-ware, are annually exported to other European countries without any bounty, and these are the manufactures which employ the greatest number of hands. The silk, perhaps, is the manufacture which would suffer the most by this freedom of trade, and after it the linen, though the latter much less than the former.

Secondly, though a great number of people

should, by thus restoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of subsistence, it would by no means follow that they would thereby be deprived either of employment or subsistence. By the reduction of the army and navy at the end of the late war, more than a hundred thousand soldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment; but, though they, no doubt, suffered some inconveniency, they were not thereby deprived of all employment and subsistence. The greater part of the seamen, it is probable, gradually betook themselves to the merchant-service as they could find occasion, and in the mean time both they and the soldiers were absorbed in the great mass of the people, and employed in a great variety of occupations. Not only no great convulsion, but no sensible disorder arose from so great a change in the situation of more than a hundred thousand men, all accustomed to the use of arms, and many of them to rapine and plunder. The number of vagrants was scarce anywhere sensibly increased by it, even the wages of labour were not reduced by it in any occupation, so far as I have been able to learn, except in that of seamen in the merchant-service. But if we compare together the habits of a soldier and of any sort of manufacturer, we shall find that those of the latter do not tend so much to disqualify him from being employed in a new trade, as those of the former from being

employed in any. The manufacturer has always been accustomed to look for his subsistence from his labour only: the soldier to expect it from his pay. Application and industry have been familiar to the one; idleness and dissipation to the other. But it is surely much easier to change the direction of industry from one sort of labour [employment] to another, than to turn idleness and dissipation to any. To the greater part of manufactures besides, it has already been observed, there are other collateral manufactures of so similar a nature, that a workman can easily transfer his industry from one of them to another. The greater part of such workmen too are occasionally employed in country labour. The stock which employed them in a particular manufacture before, will still remain in the country to employ an equal number of people in some other way. The capital of the country remaining the same, the demand for labour will likewise be the same, or very nearly the same, though it may be exerted in different places and for different occupations. Soldiers and seamen, indeed, when discharged from the king's service, are at liberty to exercise any trade within any town or place of Great Britain or Ireland. Let the same natural liberty of exercising what species of industry they please be restored to all his majesty's subjects, in the same manner as to soldiers and seamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add

to these the repeal of the law of settlements, so that a poor workman, when thrown out of employment either in one trade or in one place, may seek for it in another trade or in another place, without the fear either of a prosecution or of a removal, and neither the public nor the individuals will suffer much more from the occasional disbanding some particular classes of manufacturers, than from that of soldiers. Our manufacturers have no doubt great merit with their country, but they cannot have more than those who defend it with their blood, nor deserve to be treated with more delicacy.

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but, what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces, with which master manufacturers set themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate their soldiers, in the same manner as the latter inflame their workmen, to attack with violence and outrage the proposers of any such regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us. This monopoly has so much

increased the number of some particular tribes of them, that, like an overgrown standing army, they have become formidable to the government, and upon many occasions intimidate the legislature. The member of parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.

The undertaker of a great manufacture who, by the home markets being suddenly laid open to the competition of foreigners, should be obliged to abandon his trade, would no doubt suffer very considerably. That part of his capital which had usually been employed in purchasing materials and in paying his workmen, might, without much difficulty, perhaps, find another employment. But that part of it which was fixed in workhouses, and in the instruments of trade, could scarce be disposed of without considerable loss. The equitable regard, therefore, to his interest requires that changes of this kind should never be introduced suddenly, but

slowly, gradually, and after a very long warning. The legislature, were it possible that its deliberations could be always directed, not by the clamorous importunity of partial interests, but by an extensive view of the general good, ought upon this very account, perhaps, to be particularly careful neither to establish any new monopolies of this kind, nor to extend farther those which are already established. Every such regulation introduces some degree of real disorder into the constitution of the state, which it will be difficult afterwards to cure without occasioning another disorder.

How far it may be proper to impose taxes upon the importation of foreign goods, in order, not to prevent their importation, but to raise a revenue for government, I shall consider hereafter when I come to treat of taxes. Taxes imposed with a view to prevent or even to diminish importation, are evidently as destructive of the revenue of the customs as of the freedom of trade.

CHAPTER III.

Of the extraordinary Restraints upon the Importation of Goods of almost all Kinds, from those Countries with which the Balance is supposed to be disadvantageous.

PART I.

Of the Unreasonableness of those Restraints even upon the Principles of the Commercial System.

To lay extraordinary restraints upon the importation of goods of almost all kinds, from those particular countries with which the balance of trade is supposed to be disadvantageous, is the second expedient by which the commercial system proposes to increase the quantity of gold and silver. Thus in Great Britain, Silesia lawns may be imported for home consumption, upon paying certain duties. But French cambrics and lawns are prohibited to be imported, except into the port of London, there to be warehoused for exportation. Higher duties are imposed upon the wines of France than upon those of Portugal, or indeed of any other country. By what is called the impost of 1692, a duty of five-and-twenty per cent., of the rate or value, was laid upon all French goods; while the goods of other nations were, the greater part of them, subjected to much

lighter duties, seldom exceeding five per cent. The wine, brandy, salt and vinegar of France were indeed excepted; these commodities being subjected to other heavy duties, either by other laws, or by particular clauses of the same law. In 1696, a second duty of twenty-five per cent., the first not having been thought a sufficient discouragement, was imposed upon all French goods, except brandy; together with a new duty of five-and-twenty pounds upon the tun of French wine, and another of fifteen pounds upon the tun of French vinegar. French goods have never been omitted in any of those general subsidies, or duties of five per cent., which have been imposed upon all, or the greater part of the goods enumerated in the book of rates. If we count the one third and two third subsidies as making a complete subsidy between them, there have been five of these general subsidies; so that before the commencement of the present war seventy-five per cent. may be considered as the lowest duty to which the greater part of the goods of the growth, produce, or manufacture of France were liable. But upon the greater part of goods, those duties are equivalent to a prohibition. The French in their turn have, I believe, treated our goods and manufactures just as hardly; though I am not so well acquainted with the particular hardships which they have imposed upon them. Those mutual restraints have put an end to almost all fair commerce between the two nations, and smugglers are now the principal importers, either of British goods into France, or of

French goods into Great Britain. The principles which I have been examining in the foregoing chapter took their origin from private interest and the spirit of monopoly; those which I am going to examine in this, from national prejudice and animosity. They are, accordingly, as might well be expected, still more unreasonable. They are so, even upon the principles of the commercial system.

First, though it were certain that in the case of a free trade between France and England, for example, the balance would be in favour of France, it would by no means follow that such a trade would be disadvantageous to England, or that the general balance of its whole trade would thereby be turned more against it. If the wines of France are better and cheaper than those of Portugal, or its linens than those of Germany, it would be more advantageous for Great Britain to purchase both the wine and the foreign linen which it had occasion for of France, than of Portugal and Germany. Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be diminished, in proportion as the French goods of the same quality were cheaper than those of the other two countries. This would be the case, even upon the supposition that the whole French goods imported were to be consumed in Great Britain.

But, secondly, a great part of them might be re-exported to other countries, where, being sold with profit, they might bring back a return equal

in value, perhaps, to the prime cost of the whole French goods imported. What has frequently been said of the East India trade might possibly be true of the French; that though the greater part of East India goods were bought with gold and silver, the re-exportation of a part of them to other countries, brought back more gold and silver to that which carried on the trade than the prime cost of the whole amounted to. One of the most important branches of the Dutch trade, at present, consists in the carriage of French goods to other European countries. Some part even of the French wine drank in Great Britain is clandestinely imported from Holland and Zealand. If there was either a free trade between France and England, or if French goods could be imported upon paying only the same duties as those of other European nations, to be drawn back upon exportation, England might have some share of a trade which is found so advantageous to Holland.

Thirdly, and lastly, there is no certain criterion by which we can determine on which side what is called the balance between any two countries lies, or which of them exports to the greatest value. National prejudice and animosity, prompted always by the private interest of particular traders, are the principles which generally direct our judgment upon all questions concerning it. There are two criterions, however, which have frequently been appealed to upon such occasions, the custom-house books and the course of exchange. The custom-

house books, I think, it is now generally acknowledged, are a very uncertain criterion, on account of the inaccuracy of the valuation at which the greater part of goods are rated in them. The course of exchange is, perhaps, almost equally so.

When the exchange between two places, such as London and Paris, is at par, it is said to be a sign that the debts due from London to Paris are compensated by those due from Paris to London. On the contrary, when a premium is paid at London for a bill upon Paris, it is said to be a sign that the debts due from London to Paris are not compensated by those due from Paris to London, but that a balance in money must be sent out from the latter place; for the risk, trouble, and expense of exporting which, the premium is both demanded and given. But the ordinary state of debt and credit between those two cities must necessarily be regulated, it is said, by the ordinary course of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debts and credits of each may compensate one another. But when one of them imports from the other to a greater value than it exports to that other, the former necessarily becomes indebted to the latter in a greater sum than the latter becomes indebted to it: the debts and credits of each do not compensate one another, and money must be sent out from that place of which the debts overbalance the credits. The ordinary course of exchange, therefore, being an

indication of the ordinary state of debt and credit between two places, must likewise be an indication of the ordinary course of their exports and imports, as these necessarily regulate that state.

But though the ordinary course of exchange shall be allowed to be a sufficient indication of the ordinary state of debt and credit between any two places, it would not from thence follow, that the balance of trade was in favour of that place which had the ordinary state of debt and credit in its favour. The ordinary state of debt and credit between any two places is not always entirely regulated by the ordinary course of their dealings with one another; but is often influenced by that of the dealings of either with many other places. If it is usual, for example, for the merchants of England to pay for the goods which they buy of Hamburgh, Dantzic, Riga, &c., by bills upon Holland, the ordinary state of debt and credit between England and Holland will not be regulated entirely by the ordinary course of the dealings of those two countries with one another, but will be influenced by that of the dealings of England with those other places. England may be obliged to send out every year money to Holland, though its annual exports to that country may exceed very much the annual value of its imports from thence; and though what is called the balance of trade may be very much in favour of England.

In the way, besides, in which the par of exchange has hitherto been computed, the ordinary

course of exchange can afford no sufficient
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in favour of that country which seems to ha
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exchange in its favour: or, in other words, th
exchange may be, and, in fact, often is, so
different from the computed one, that, fron
course of the latter, no certain conclusion can,
many occasions, be drawn concerning that o
former.

When for a sum of money paid in England
taining, according to the standard of the En
mint, a certain number of ounces of pure silve
receive a bill for a sum of money to be pa
France, containing, according to the standard
French mint, an equal number of ounces of
silver, exchange is said to be at par bet
England and France. When you pay more,
are supposed to give a premium, and exch
is said to be against England, and in favo
France. When you pay less, you are suppos
get a premium, and exchange is said to be a
France, and in favour of England.

But, first, we cannot always judge of the va
the current money of different countries b
standard of their respective mints. In some
more, in others it is less worn, clipt, and othe
degenerated from that standard. But the val
the current coin of every country, compared
that of any other country, is in proportion r
the quantity of pure silver which it ought tc

tain, but to that which it actually does contain. Before the reformation of the silver coin in King William's time, exchange between England and Holland, computed, in the usual manner, according to the standard of their respective mints, was five and twenty per cent. against England. But the value of the current coin of England, as we learn from Mr. Lowndes, was at that time rather more than five and twenty per cent. below its standard value. The real exchange, therefore, may even at that time have been in favour of England, notwithstanding the computed exchange was so much against it; a smaller number of ounces of pure silver, actually paid in England, may have purchased a bill for a greater number of ounces of pure silver to be paid in Holland, and the man who was supposed to give, may in reality have got the premium. The French coin was, before the late reformation of the English gold coin, much less worn than the English, and was, perhaps, two or three per cent. nearer its standard. If the computed exchange with France, therefore, was not more than two or three per cent. against England, the real exchange might have been in its favour. Since the reformation of the gold coin, the exchange has been constantly in favour of England, and against France.

Secondly, in some countries, the expense of coinage is defrayed by the government; in others, it is defrayed by the private people who carry their bullion to the mint, and the government even de-

rives some revenue from the coinage. In England, it is defrayed by the government, and if you carry a pound weight of standard silver to the mint, you get back sixty-two shillings, containing a pound weight of the like standard silver. In France, a duty of eight per cent. is deducted for the coinage, which not only defrays the expense of it, but affords a small revenue to the government. In England, as the coinage costs nothing, the current coin can never be much more valuable than the quantity of bullion which it actually contains. In France, the workmanship, as you pay for it, adds to the value, in the same manner as to that of wrought plate. A sum of French money, therefore, containing a certain weight of pure silver, is more valuable than a sum of English money containing an equal weight of pure silver, and must require more bullion, or other commodities, to purchase it. Though the current coin of the two countries, therefore, were equally near the standards of their respective mints, a sum of English money could not well purchase a sum of French money, containing an equal number of ounces of pure silver, nor consequently a bill upon France for such a sum. If for such a bill no more additional money was paid than what was sufficient to compensate the expense of the French coinage, the real exchange might be at par between the two countries, their debts and credits might mutually compensate one another, while the computed exchange was considerably in favour of France. If less than this

was paid, the real exchange might be in favour of England, while the computed was in favour of France.

Thirdly, and lastly, in some places, as at Amsterdam, Hamburgh, Venice, &c., foreign bills of exchange are paid in what they call bank money; while in others, as at London, Lisbon, Antwerp, Leghorn, &c., they are paid in the common currency of the country. What is called bank money is always of more value than the same nominal sum of common currency. A thousand guilders in the bank of Amsterdam, for example, are of more value than a thousand guilders of Amsterdam currency. The difference between them is called the agio of the bank, which, at Amsterdam, is generally about five per cent. Supposing the current money of the two countries equally near to the standard of their respective mints, and that the one pays foreign bills in this common currency, while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange should be in favour of that which pays in current money; for the same reason that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own standard, though the real exchange should be in favour of that which pays in worse. The computed exchange, before the late reformation of the gold coin, was generally against London with Amsterdam, Hamburgh, Venice, and, I believe, with all other places which pay in

what is called bank money. It will by no means follow, however, that the real exchange was against it. Since the reformation of the gold coin, it has been in favour of London even with those places. The computed exchange has generally been in favour of London with Lisbon, Antwerp, Leghorn, and, if you except France, I believe, with most other parts of Europe that pay in common currency; and it is not improbable that the real exchange was so too.

Digression concerning Banks of Deposit, particularly concerning that of AMSTERDAM.

THE currency of a great state, such as France or England, generally consists almost entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwise degraded below its standard value, the state by a reformation of its coin can effectually re-establish its currency. But the currency of a small state, such as Genoa or Hamburgh, can seldom consist altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states with which its inhabitants have a continual intercourse. Such a state, therefore, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any sum, of what is in its own nature so uncertain, must render the exchange always very much against such a state, its currency

being, in all foreign states, necessarily valued even below what it is worth.

In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small states, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value should be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, established upon the credit, and under the protection of the state; this bank being always obliged to pay, in good and true money, exactly according to the standard of the state. The banks of Venice, Genoa, Amsterdam, Hamburgh, and Nuremberg, seem to have been all originally established with this view, though some of them may have afterwards been made subservient to other purposes. The money of such banks being better than the common currency of the country, necessarily bore an agio, which was greater or smaller, according as the currency was supposed to be more or less degraded below the standard of the state. The agio of the bank of Hamburgh, for example, which is said to be commonly about fourteen per cent., is the supposed difference between the good standard money of the state, and the clipt, worn, and diminished currency poured into it from all the neighbouring states.

Before 1609, the great quantity of clipt and worn foreign coin which the extensive trade of Amsterdam brought from all parts of Europe, reduced the

value of its currency about nine per cent. below that of good money fresh from the mint. Such money no sooner appeared than it was melted down or carried away, as it always is in such circumstances. The merchants, with plenty of currency, could not always find a sufficient quantity of good money to pay their bills of exchange; and the value of those bills, in spite of several regulations which were made to prevent it, became in a great measure uncertain.

In order to remedy these inconveniences, a bank was established in 1609 under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country, at its real intrinsic value in the good standard money of the country, deducting only so much as was necessary for defraying the expense of coinage, and the other necessary expense of management. For the value which remained, after this small deduction was made, it gave a credit in its books. This credit was called bank money, which, as it represented money exactly according to the standard of the mint, was always of the same real value, and intrinsically worth more than current money. It was at the same time enacted, that all bills drawn upon or negociated at Amsterdam of the value of six hundred guilders and upwards should be paid in bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in consequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign

bills of exchange, which necessarily occasioned a certain demand for bank money.

Bank money, over and above both its intrinsic superiority to currency, and the additional value which this demand necessarily gives it, has likewise some other advantages. It is secure from fire, robbery, and other accidents; the city of Amsterdam is bound for it; it can be paid away by a simple transfer, without the trouble of counting, or the risk of transporting it from one place to another. In consequence of those different advantages, it seems from the beginning to have born an agio, and it is generally believed that all the money originally deposited in the bank was allowed to remain there, nobody caring to demand payment of a debt which he could sell for a premium in the market. By demanding payment of the bank, the owner of a bank credit would lose this premium. As a shilling fresh from the mint will buy no more goods in the market than one of our common worn shillings, so the good and true money which might be brought from the coffers of the bank into those of a private person, being mixed and confounded with the common currency of the country, would be of no more value than that currency, from which it could no longer be readily distinguished. While it remained in the coffers of the bank, its superiority was known and ascertained. When it had come into those of a private person, its superiority could not well be ascertained without more trouble than perhaps the difference was worth. By being brought from the

coffers of the bank, besides, it lost all the other advantages of bank money; its security, its easy and safe transferability, its use in paying foreign bills of exchange. Over and above all this, it could not be brought from those coffers, as will appear by and by, without previously paying for the keeping.

Those deposits of coin, or those deposits which the bank was bound to restore in coin, constituted the original capital of the bank, or the whole value of what was represented by what is called bank money. At present they are supposed to constitute but a very small part of it. In order to facilitate the trade in bullion, the bank has been for these many years in the practice of giving credit in its books upon deposits of gold and silver bullion. This credit is generally about five per cent. below the mint price of such bullion. The bank grants at the same time what is called a recipice or receipt, entitling the person who makes the deposit, or the bearer, to take out the bullion again at any time within six months, upon transferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the deposit was made, and upon paying one-fourth per cent. for the keeping, if the deposit was in silver; and one-half per cent. if it was in gold; but at the same time declaring, that in default of such payment, and upon the expiration of this term, the deposit should belong to the bank at the price at which it had been received, or for which credit had been given in the transfer books. What is thus paid for the keeping

of the deposit may be considered as a sort of warehouse rent; and why this warehouse rent should be so much dearer for gold than for silver, several different reasons have been assigned. The fineness of gold, it has been said, is more difficult to be ascertained than that of silver. Frauds are more easily practised, and occasion a greater loss in the most precious metal. Silver, besides, being the standard metal, the state, it has been said, wishes to encourage more the making of deposits of silver than those of gold.

Deposits of bullion are most commonly made when the price is somewhat lower than ordinary; and they are taken out again when it happens to rise. In Holland the market price of bullion is generally above the mint price, for the same reason that it was so in England before the late reformation of the gold coin. The difference is said to be commonly from about six to sixteen stivers upon the mark, or eight ounces of silver of eleven parts fine, and one part alloy. The bank price, or the credit which the bank gives for the deposits of such silver (when made in foreign coin, of which the fineness is well known and ascertained, such as Mexico dollars), is twenty-two guilders the mark; the mint price is about twenty-three guilders, and the market price is from twenty-three guilders six, to twenty-three guilders sixteen stivers, or from two to three per cent. above the mint price*. The proportions between the bank price, the mint price, and the

* The following are the prices at which the bank of Am-

market price of gold bullion, are nearly the same. A person can generally sell his receipt for the difference between the mint price of bullion and the market price. A receipt for bullion is almost always worth something, and it very seldom happens, therefore, that any body suffers his receipt to expire, or allows his bullion to fall to the bank at the price at which it had been received, either by not taking it out before the end of the six months, or by neglecting to pay the one-fourth or one-half per

sterdam at present (September, 1775) receives bullion and coin of different kinds :—

SILVER.

Mexico dollars French crowns English silver coin	} B—	Guilders. 22 per mark.
Mexico dollars new coin		21 10
Ducatoons . .		3
Rix dollars . .		2 8

Bar silver containing $\frac{11}{12}$ fine silver 21 per mark, and in this proportion down to $\frac{1}{4}$ fine, on which 5 guilders are given.

Fine bars, 23 per mark.

GOLD.

Portugal coin Guineas Louis d'ors new	} B—	310 per mark.
Ditto old . .		300
New ducats .		4 19 8 per ducat.

Bar or ingot gold is received in proportion to its fineness compared with the above foreign gold coin. Upon fine bars the bank gives 340 per mark. In general, however, something more is given upon coin of a known fineness, than upon gold and silver bars, of which the fineness cannot be ascertained but by a process of melting and assaying.—A.

cent. in order to obtain a new receipt for another six months. This, however, though it happens seldom, is said to happen sometimes, and more frequently with regard to gold, than with regard to silver, on account of the higher warehouse rent which is paid for the keeping of the more precious metal.

The person who by making a deposit of bullion obtains both a bank credit and a receipt, pays his bills of exchange as they become due with his bank credit; and either sells or keeps his receipt according as he judges that the price of bullion is likely to rise or to fall. The receipt and the bank credit seldom keep long together, and there is no occasion that they should. The person who has a receipt, and who wants to take out bullion; finds always plenty of bank credits, or bank money to buy at the ordinary price; and the person who has bank money, and wants to take out bullion, finds receipts always in equal abundance.

The owners of bank credits, and the holders of receipts, constitute two different sorts of creditors against the bank. The holder of a receipt cannot draw out the bullion for which it is granted, without re-assigning to the bank a sum of bank money equal to the price at which the bullion had been received. If he has no bank money of his own, he must purchase it of those who have it. The owner of bank money cannot draw out bullion without producing to the bank receipts for the quantity which he wants. If he has none of his own, he must buy them of those

who have them. The holder of a receipt, when he purchases bank money, purchases the power of taking out a quantity of bullion, of which the mint price is five per cent. above the bank price. The agio or five per cent., therefore, which he commonly pays for it, is paid, not for an imaginary, but for a real value. The owner of bank money, when he purchases a receipt, purchases the power of taking out a quantity of bullion of which the market price is commonly from two to three per cent. above the mint price. The price which he pays for it, therefore, is paid likewise for a real value. The price of the receipt, and the price of the bank money, compound or make up between them the full value or price of the bullion.

Upon deposits of the coin current in the country, the bank grants receipts likewise as well as bank credits; but those receipts are frequently of no value, and will bring no price in the market. Upon ducatoons, for example, which in the currency pass for three guilders three stivers each, the bank gives a credit of three guilders only, or five per cent. below their current value. It grants a receipt likewise entitling the bearer to take out the number of ducatoons deposited at any time within six months upon paying one-fourth per cent. for the keeping. This receipt will frequently bring no price in the market. Three guilders bank money generally sell in the market for three guilders three stivers, the full value of the ducatoons, if they were taken out of the bank; and before they can be

taken out, one-fourth per cent. must be paid for the keeping, which would be mere loss to the holder of the receipt. If the agio of the bank, however, should at any time fall to three per cent., such receipts might bring some price in the market, and might sell for one and three-fourths per cent. But the agio of the bank being now generally about five per cent., such receipts are frequently allowed to expire, or, as they express it, to fall to the bank. The receipts which are given for deposits of gold ducats fall to it yet more frequently, because a higher warehouse-rent, or one half per cent., must be paid for the keeping of them before they can be taken out again. The five per cent. which the bank gains, when deposits either of coin or bullion are allowed to fall to it, may be considered as the warehouse rent for the perpetual keeping of such deposits.

The sum of bank money for which the receipts are expired must be very considerable. It must comprehend the whole original capital of the bank, which, it is generally supposed, has been allowed to remain there from the time it was first deposited, nobody caring either to renew his receipt or to take out his deposit, as, for the reasons already assigned, neither the one nor the other could be done without loss. But whatever may be the amount of this sum, the proportion which it bears to the whole mass of bank money is supposed to be very small. The bank of Amsterdam has for these many years past been the great warehouse of Europe for bullion, for

which the receipts are very seldom allowed to expire, or, as they express it, to fall to the bank. The far greater part of the bank money, or of the credits upon the books of the bank, is supposed to have been created, for these many years past, by such deposits which the dealers in bullion are continually both making and withdrawing.

No demand can be made upon the bank but by means of a recipice or receipt. The smaller mass of bank money, for which the receipts are expired, is mixed and confounded with the much greater mass for which they are still in force; so that, though there may be a considerable sum of bank money, for which there are no receipts, there is no specific sum or portion of it, which may not at any time be demanded by one. The bank cannot be debtor to two persons for the same thing; and the owner of bank money who has no receipt, cannot demand payment of the bank till he buys one. In ordinary and quiet times he can find no difficulty in getting one to buy at the market price, which generally corresponds with the price at which he can sell the coin or bullion it entitles him to take out of the bank.

It might be otherwise during a public calamity; an invasion, for example, such as that of the French in 1672. The owners of bank money being then all eager to draw it out of the bank, in order to have it in their own keeping, the demand for receipts might raise their price to an exorbitant height. The holders of them might form extravagant ex-

pectations, and, instead of two or three per cent. demand half the bank money for which credit had been given upon the deposits that the receipts had respectively been granted for. The enemy, informed of the constitution of the bank, might even buy them up, in order to prevent the carrying away of the treasure. In such emergencies, the bank, it is supposed, would break through its ordinary rule of making payment only to the holders of receipts. The holders of receipts, who had no bank money, must have received within two or three per cent. of the value of the deposit for which their respective receipts had been granted. The bank, therefore, it is said, would in this case make no scruple of paying either with money or bullion, the full value of what the owners of bank money who could get no receipts were credited for in its books: paying at the same time two or three per cent. to such holders of receipts as had no bank money, that being the whole value which in this state of things could justly be supposed due to them.

Even in ordinary and quiet times it is the interest of the holders of receipts to depress the agio, in order either to buy bank money (and consequently the bullion, which their receipts would then enable them to take out of the bank) so much cheaper, or to sell their receipts to those who have bank money, and who want to take out bullion, so much dearer; the price of a receipt being generally equal to the difference between the market price of bank money, and that of the coin or bullion for which the receipt

had been granted. It is the interest of the owners of bank money, on the contrary, to raise the agio, in order either to sell their bank money so much dearer, or to buy a receipt so much cheaper. To prevent the stock-jobbing tricks which those opposite interests might sometimes occasion, the bank has of late years come to the resolution to sell at all times bank money for currency, at five per cent. agio, and to buy it in again at four per cent. agio. In consequence of this resolution the agio can never either rise above five, or sink below four per cent.; and the proportion between the market price of bank and that of current money, is kept at all times very near to the proportion between their intrinsic values. Before this resolution was taken, the market price of bank money used sometimes to rise so high as nine per cent. agio, and sometimes to sink so low as par, according as opposite interests happened to influence the market.

The bank of Amsterdam professes to lend out no part of what is deposited with it, but, for every guilder for which it gives credit in its books, to keep in its repositories the value of a guilder either in money or bullion. That it keeps in its repositories all the money or bullion for which there are receipts in force, for which it is at all times liable to be called upon, and which, in reality, is continually going from it and returning to it again, cannot well be doubted. But whether it does so likewise with regard to that part of its capital, for which the receipts are long ago expired, for which in ordinary

and quiet times it cannot be called upon, and which in reality is very likely to remain with it for ever, or as long as the States of the United Provinces subsist, may perhaps appear more uncertain. At Amsterdam, however, no point of faith is better established than that for every guilder, circulated as bank money, there is a correspondent guilder in gold or silver to be found in the treasure of the bank. The city is guarantee that it should be so. The bank is under the direction of the four reigning burgomasters, who are changed every year. Each new set of burgomasters visits the treasure, compares it with the books, receives it upon oath, and delivers it over, with the same awful solemnity, to the set which succeeds; and in that sober and religious country oaths are not yet disregarded. A rotation of this kind seems alone a sufficient security against any practices which cannot be avowed. Amidst all the revolutions which faction has ever occasioned in the government of Amsterdam, the prevailing party has at no time accused their predecessors of infidelity in the administration of the bank. No accusation could have affected more deeply the reputation and fortune of the disgraced party, and if such an accusation could have been supported, we may be assured that it would have been brought. In 1672, when the French king was at Utrecht, the bank of Amsterdam paid so readily as left no doubt of the fidelity with which it had observed its engagements. Some of the pieces which were then brought from its repositories appeared to have been scorched with

the fire which happened in the town-house soon after the bank was established. Those pieces, therefore, must have lain there from that time.

What may be the amount of the treasure in the bank, is a question which has long employed the speculations of the curious. Nothing but conjecture can be offered concerning it. It is generally reckoned that there are about two thousand people who keep accounts with the bank, and allowing them to have, one with another, the value of fifteen hundred pounds sterling lying upon their respective accounts (a very large allowance), the whole quantity of bank money, and consequently of treasure in the bank, will amount to about three millions sterling, or, at eleven guilders the pound sterling, thirty-three millions of guilders: a great sum, and sufficient to carry on a very extensive circulation; but vastly below the extravagant ideas which some people have formed of this treasure.

The city of Amsterdam derives a considerable revenue from the bank. Besides what may be called the warehouse rent above mentioned, each person, upon first opening an account with the bank, pays a fee of ten guilders; and for every new account three guilders three stivers; for every transfer two stivers; and if the transfer is for less than three hundred guilders, six stivers, in order to discourage the multiplicity of small transactions. The person who neglects to balance his account twice in the year, forfeits twenty-five guilders. The person who orders a transfer for more than is upon

his account, is obliged to pay three per cent. for the sum overdrawn, and his order is set aside into the bargain. The bank is supposed too to make a considerable profit by the sale of the foreign coin or bullion which sometimes falls to it by the expiring of receipts, and which is always kept till it can be sold with advantage. It makes a profit likewise by selling bank money at five per cent. agio, and buying it in at four. These different emoluments amount to a good deal more than what is necessary for paying the salaries of officers, and defraying the expense of management. What is paid for the keeping of bullion upon receipts, is alone supposed to amount to a neat annual revenue of between one hundred and fifty thousand and two hundred thousand guilders. Public utility, however, and not revenue, was the original object of this institution. Its object was to relieve the merchants from the inconvenience of a disadvantageous exchange. The revenue which has arisen from it was unforeseen, and may be considered as accidental. But it is now time to return from this long digression, into which I have been insensibly led in endeavouring to explain the reasons why the exchange between the countries which pay in what is called bank money, and those which pay in common currency, should generally appear to be in favour of the former, and against the latter. The former pay in a species of money of which the intrinsic value is always the same, and exactly agreeable to the standard of their respective mints; the

latter is a species of money of which the intrinsic value is continually varying, and is almost always more or less below that standard.

PART II.

Of the Unreasonableness of those extraordinary Restraints upon other Principles.

In the foregoing part of this chapter I have endeavoured to show, even upon the principles of the commercial system, how unnecessary it is to lay extraordinary restraints upon the importation of goods from those countries with which the balance of trade is supposed to be disadvantageous.

Nothing, however, can be more absurd than this whole doctrine of the balance of trade, upon which, not only these restraints, but almost all the other regulations of commerce are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses, and the other gains in proportion to its declension from the exact equilibrium. Both suppositions are false. A trade which is forced by means of bounties and monopolies, may be, and commonly is, disadvantageous to the country in whose favour it is meant to be established, as I shall endeavour to show hereafter. But that trade which, without force or constraint, is naturally and regularly carried on between any two

places, is always advantageous, though not always equally so, to both.

By advantage or gain, I understand, not the increase of the quantity of gold and silver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increase of the annual revenue of its inhabitants.

If the balance be even, and if the trade between the two places consist altogether in the exchange of their native commodities, they will, upon most occasions, not only both gain, but they will gain equally, or very near equally: each will in this case afford a market for a part of the surplus produce of the other: each will replace a capital which had been employed in raising and preparing for the market this part of the surplus produce of the other, and which had been distributed among, and given revenue and maintenance to a certain number of its inhabitants. Some part of the inhabitants of each, therefore, will indirectly derive their revenue and maintenance from the other. As the commodities exchanged too are supposed to be of equal value, so the two capitals employed in the trade will, upon most occasions, be equal, or very nearly equal; and both being employed in raising the native commodities of the two countries, the revenue and maintenance which their distribution will afford to the inhabitants of each will be equal, or very nearly equal. This revenue and maintenance, thus mutually afforded, will be greater or smaller in proportion to the extent of their dealings. If these

should annually amount to a hundred thousand pounds, for example, or to a million on each side, each of them will afford an annual revenue in the one case of a hundred thousand pounds, in the other of a million, to the inhabitants of the other.

If their trade should be of such a nature that one of them exported to the other nothing but native commodities, while the returns of that other consisted altogether in foreign goods; the balance, in this case, would still be supposed even, commodities being paid for with commodities. They would, in this case too, both gain, but they would not gain equally; and the inhabitants of the country which exported nothing but native commodities would derive the greatest revenue from the trade. If England, for example, should import from France nothing but the native commodities of that country, and, not having such commodities of its own as were in demand there, should annually repay them by sending thither a large quantity of foreign goods, tobacco, we shall suppose, and East India goods; this trade, though it would give some revenue to the inhabitants of both countries, would give more to those of France than to those of England. The whole French capital annually employed in it would annually be distributed among the people of France. But that part of the English capital only which was employed in producing the English commodities with which those foreign goods were purchased, would be annually distributed among the people of England. The greater

part of it would replace the capitals which had been employed in Virginia, Indostan, and China, and which had given revenue and maintenance to the inhabitants of those distant countries. If the capitals were equal, or nearly equal, therefore, this employment of the French capital would augment much more the revenue of the people of France, than that of the English capital would the revenue of the people of England. France would in this case carry on a direct foreign trade of consumption with England; whereas England would carry on a round-about trade of the same kind with France. The different effects of a capital employed in the direct, and of one employed in the round-about foreign trade of consumption, have already been fully explained.

There is not, probably, between any two countries, a trade which consists altogether in the exchange either of native commodities on both sides, or of native commodities on one side and of foreign goods on the other. Almost all countries exchange with one another partly native and partly foreign goods. That country, however, in whose cargoes there is the greatest proportion of native, and the least of foreign goods, will always be the principal gainer.

If it was not with tobacco and East India goods, but with gold and silver, that England paid for the commodities annually imported from France, the balance, in this case, would be supposed uneven, commodities not being paid for with commodities,

but with gold and silver. The trade, however, would, in this case, as in the foregoing, give some revenue to the inhabitants of both countries, but more to those of France than to those of England. It would give some revenue to those of England. The capital which had been employed in producing the English goods that purchased this gold and silver, the capital which had been distributed among, and given revenue to, certain inhabitants of England, would thereby be replaced, and enabled to continue that employment. The whole capital of England would no more be diminished by this exportation of gold and silver, than by the exportation of an equal value of any other goods. On the contrary, it would, in most cases, be augmented. No goods are sent abroad but those for which the demand is supposed to be greater abroad than at home, and of which the returns consequently, it is expected, will be of more value at home than the commodities exported. If the tobacco which, in England, is worth only a hundred thousand pounds, when sent to France will purchase wine which is, in England, worth a hundred and ten thousand pounds, the exchange will augment the capital of England by ten thousand pounds. If a hundred thousand pounds of English gold, in the same manner, purchase French wine, which, in England, is worth a hundred and ten thousand, this exchange will equally augment the capital of England by ten thousand pounds. As a merchant who has a hundred and ten thousand

pounds worth of wine in his cellar, is a richer man than he who has only a hundred thousand pounds worth of tobacco in his warehouse, so is he likewise a richer man than he who has only a hundred thousand pounds worth of gold in his coffers. He can put into motion a greater quantity of industry, and give revenue, maintenance, and employment, to a greater number of people than either of the other two. But the capital of the country is equal to the capital of all its different inhabitants, and the quantity of industry which can be annually maintained in it is equal to what all those different capitals can maintain. Both the capital of the country, therefore, and the quantity of industry which can be annually maintained in it must generally be augmented by this exchange. It would, indeed, be more advantageous for England that it could purchase the wines of France with its own hardware and broad-cloth, than with either the tobacco of Virginia, or the gold and silver of Brazil and Peru. A direct foreign trade of consumption is always more advantageous than a round-about one. But a round-about foreign trade of consumption, which is carried on with gold and silver, does not seem to be less advantageous than any other equally round-about one. Neither is a country which has no mines, more likely to be exhausted of gold and silver by this annual exportation of those metals, than one which does not grow tobacco by the like annual exportation of that plant. As a country which has

wherewithal to buy tobacco will never be long in want of it, so neither will one be long in want of gold and silver which has wherewithal to purchase those metals.

It is a losing trade, it is said, which a workman carries on with the alehouse; and the trade which a manufacturing nation would naturally carry on with a wine country, may be considered as a trade of the same nature. I answer, that the trade with the alehouse is not necessarily a losing trade. In its own nature it is just as advantageous as any other, though, perhaps, somewhat more liable to be abused. The employment of a brewer, and even that of a retailer of fermented liquors, are as necessary divisions of labour [employments] as any other. It will generally be more advantageous for a workman to buy of the brewer the quantity he has occasion for, than to brew it himself, and if he is a poor workman, it will generally be more advantageous for him to buy it, by little and little, of the retailer, than a large quantity of the brewer. He may no doubt buy too much of either, as he may of any other dealers in his neighbourhood, of the butcher, if he is a glutton, or of the draper, if he affects to be a beau among his companions. It is advantageous to the great body of workmen, notwithstanding, that all these trades should be free, though this freedom may be abused in all of them, and is more likely to be so, perhaps, in some than in others. Though individuals, besides, may sometimes ruin their fortunes by an excessive consumption of fer-

mented liquors, there seems to be no risk that a nation should do so. Though in every country there are many people who spend upon such liquors more than they can afford, there are always many more who spend less. It deserves to be remarked too, that, if we consult experience, the cheapness of wine seems to be a cause, not of drunkenness, but of sobriety. The inhabitants of the wine countries are in general the soberest people in Europe; witness the Spaniards, the Italians, and the inhabitants of the southern provinces of France. People are seldom guilty of excess in what is their daily fare. Nobody affects the character of liberality and good fellowship, by being profuse of a liquor which is as cheap as small beer. On the contrary, in the countries which, either from excessive heat or cold, produce no grapes, and where wine consequently is dear and a rarity, drunkenness is a common vice; as among the northern nations, and all those who live between the tropics, the negroes, for example, on the coast of Guinea. When a French regiment comes from some of the northern provinces of France, where wine is somewhat dear, to be quartered in the southern, where it is very cheap, the soldiers, I have frequently heard it observed, are at first debauched by the cheapness and novelty of good wine; but after a few months' residence, the greater part of them become as sober as the rest of the inhabitants. Were the duties upon foreign wines, and the excises upon malt, beer, and ale, to be taken

away all at once, it might, in the same manner, occasion in Great Britain a pretty general and temporary drunkenness among the middling and inferior ranks of people, which would probably be soon followed by a permanent and almost universal sobriety. At present drunkenness is by no means the vice of people of fashion, or of those who can easily afford the most expensive liquors. A gentleman drunk with ale has scarce ever been seen among us. The restraints upon the wine trade in Great Britain, besides, do not so much seem calculated to hinder the people from going, if I may say so, to the alehouse, as from going where they can buy the best and cheapest liquor. They favour the wine trade of Portugal, and discourage that of France. The Portuguese, it is said, indeed, are better customers for our manufactures than the French, and should therefore be encouraged in preference to them. As they give us their custom, it is pretended, we should give them ours. The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire; for it is the most underling tradesmen only who make it a rule to employ chiefly their own customers. A great trader purchases his goods always where they are cheapest and best, without regard to any little interest of this kind.

By such maxims as these, however, nations have been taught that their interest consisted in beggaring all their neighbours. Each nation has been

made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own loss. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. The capricious ambition of kings and ministers has not, during the present and the preceding century, been more fatal to the repose of Europe, than the impertinent jealousy of merchants and manufacturers. The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy. But the mean rapacity, the monopolizing spirit of merchants and manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot perhaps be corrected, may very easily be prevented from disturbing the tranquillity of any body but themselves.

That it was the spirit of monopoly which originally both invented and propagated this doctrine cannot be doubted; and they who first taught it were by no means such fools as they who believed it. In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest. The proposition is so very manifest, that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their

interest is, in this respect, directly opposite to that of the great body of the people. As it is the interest of the freemen of a corporation to hinder the rest of the inhabitants from employing any workmen but themselves, so it is the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market. Hence in Great Britain, and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants. Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own. Hence too the extraordinary restraints upon the importation of almost all sorts of goods from those countries with which the balance of trade is supposed to be disadvantageous; that is, from those against whom national animosity happens to be most violently inflamed.

The wealth of a neighbouring nation, however, though dangerous in war and politics, is certainly advantageous in trade. In a state of hostility it may enable our enemies to maintain fleets and armies superior to our own; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce. As a rich man is likely to be a better customer to the industrious people in his neighbourhood, than a poor, so is likewise a rich nation. A rich man, indeed, who is himself a

manufacturer, is a very dangerous neighbour to all those who deal in the same way. All the rest of the neighbourhood, however, by far the greatest number, profit by the good market which his expense affords them. They even profit by his underselling the poorer workmen who deal in the same way with him. The manufacturers of a rich nation, in the same manner, may no doubt be very dangerous rivals to those of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly besides by the good market which the great expense of such a nation affords them in every other way. Private people, who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but resort either to the capital, or to some of the great commercial towns. They know, that where little wealth circulates there is little to be got; but that where a great deal is in motion, some share of it may fall to them. The same maxim which would in this manner direct the common sense of one, or ten, or twenty individuals, should regulate the judgment of one, or ten, or twenty millions, and should make a whole nation regard the riches of its neighbours as a probable cause and occasion for itself to acquire riches. A nation that would enrich itself by foreign trade, is certainly most likely to do so when its neighbours are all rich, industrious, and commercial nations. A great nation surrounded on all sides by wandering savages and poor barbarians might, no doubt,

acquire riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade. It seems to have been in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth. The ancient Egyptians, it is said, neglected foreign commerce, and the modern Chinese, it is known, hold it in the utmost contempt, and scarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbours, so far as they are capable of producing their intended effect, tend to render that very commerce insignificant and contemptible.

It is in consequence of these maxims that the commerce between France and England has in both countries been subjected to so many discouragements and restraints. If those two countries, however, were to consider their real interest, without either mercantile jealousy or national animosity, the commerce of France might be more advantageous to Great Britain than that of any other country, and for the same reason that of Great Britain to France. France is the nearest neighbour to Great Britain. In the trade between the southern coast of England and the northern and north-western coasts of France, the returns might be expected, in the same manner as in the inland trade, four, five, or six times in the year. The capital, therefore, employed in this trade, could in each of the two countries keep in motion, four,

five, or six times the quantity of industry, and afford employment and subsistence to four, five, or six times the number of people, which an equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great Britain most remote from one another, the returns might be expected, at least, once in the year, and even this trade would so far be at least equally advantageous as the greater part of the other branches of our foreign European trade. It would be, at least, three times more advantageous than the boasted trade with our North American colonies, in which the returns were seldom made in less than three years, frequently not in less than four or five years. France, besides, is supposed to contain twenty-four millions of inhabitants. Our North American colonies were never supposed to contain more than three millions: and France is a much richer country than North America; though, on account of the more unequal distribution of riches, there is much more poverty and beggary in the one country than in the other. France, therefore, could afford a market at least eight times more extensive, and, on account of the superior frequency of the returns, four and twenty times more advantageous, than that which our North American colonies ever afforded. The trade of Great Britain would be just as advantageous to France, and in proportion to the wealth, population and proximity of the respective countries, would have the same superiority over that which

France carries on with her own colonies. Such is the very great difference between that trade which the wisdom of both nations has thought proper to discourage, and that which it has favoured the most.

But the very same circumstances which would have rendered an open and free commerce between the two countries so advantageous to both, have occasioned the principal obstructions to that commerce. Being neighbours, they are necessarily enemies, and the wealth and power of each becomes, upon that account, more formidable to the other; and what would increase the advantage of national friendship, serves only to inflame the violence of national animosity. They are both rich and industrious nations; and the merchants and manufacturers of each dread the competition of the skill and activity of those of the other. Mercantile jealousy is excited, and both inflames, and is itself inflamed, by the violence of national animosity: and the traders of both countries have announced, with all the passionate confidence of interested falsehood, the certain ruin of each, in consequence of that unfavourable balance of trade, which, they pretend, would be the infallible effect of an unrestrained commerce with the other.

There is no commercial country in Europe, of which the approaching ruin has not frequently been foretold by the pretended doctors of this system, from an unfavourable balance of trade. After all the anxiety, however, which they have excited about

this, after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours, it does not appear that any one nation in Europe has been in any respect impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system would lead us to expect, have been enriched by it. Though there are in Europe, indeed, a few towns which in some respects deserve the name of free ports, there is no country which does so. Holland, perhaps, approaches the nearest to this character of any, though still very remote from it; and Holland, it is acknowledged, not only derives its whole wealth, but a great part of its necessary subsistence, from foreign trade.

There is another balance, indeed, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, necessarily occasions the prosperity or decay of every nation. This is the balance of the annual produce and consumption. If the exchangeable value of the annual produce, it has already been observed, exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this excess. The society in this case lives within its revenue, and what is annually saved out of its revenue, is naturally added to its capital, and employed so as to increase still further the annual pro-

duce. If the exchangeable value of the annual produce, on the contrary, fall short of the annual consumption, the capital of the society must annually decay in proportion to this deficiency. The expense of the society in this case exceeds its revenue, and necessarily encroaches upon its capital. Its capital, therefore, must necessarily decay, and, together with it, the exchangeable value of the annual produce of its industry.

This balance of produce and consumption is entirely different from, what is called, the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely separated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement may be either gradually increasing or gradually decaying.

The balance of produce and consumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and silver which comes into it during all this time may be all immediately sent out of it; its circulating coin may gradually decay, different sorts of paper money being substituted in its place, and even the debts too which it contracts in the principal nations with whom it deals, may be gradually increasing; and yet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the same period, have been increasing

in a much greater proportion. The state of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the present disturbances*, may serve as a proof that this is by no means an impossible supposition.

* This paragraph was written in the year 1775.—A.

CHAPTER IV.

Of Drawbacks.

MERCHANTS and manufacturers are not contented with the monopoly of the home market, but desire likewise the most extensive foreign sale for their goods. Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain encouragements to exportation.

Of these encouragements what are called Drawbacks seem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of that share to other employments. They tend not to overturn that balance which naturally establishes itself among all the various employments of the society; but to hinder it from being overturned by

the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve, the natural division and distribution of labour [employments] in the society.

The same thing may be said of the drawbacks upon the re-exportation of foreign goods imported; which in Great Britain generally amount to by much the largest part of the duty upon importation. By the second of the rules, annexed to the act of parliament which imposed, what is now called, the old subsidy, every merchant, whether English or alien, was allowed to draw back half that duty upon exportation; the English merchant, provided the exportation took place within twelve months; the alien, provided it took place within nine months. Wines, currants, and wrought silks were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties imposed by this act of parliament were, at that time, the only duties upon the importation of foreign goods. The term within which this, and all other drawbacks, could be claimed, was afterwards (by 7 Geo. I. chap. 21. sect. 10.) extended to three years.

The duties which have been imposed since the old subsidy, are, the greater part of them, wholly drawn back upon exportation. This general rule, however, is liable to a great number of exceptions, and the doctrine of drawbacks has become a much less simple matter, than it was at their first institution.

Upon the exportation of some foreign goods, of which it was expected that the importation would

greatly exceed what was necessary for the home consumption, the whole duties are drawn back, without retaining even half the old subsidy. Before the revolt of our North American colonies, we had the monopoly of the tobacco of Maryland and Virginia. We imported about ninety-six thousand hogsheads, and the home consumption was not supposed to exceed fourteen thousand. To facilitate the great exportation which was necessary, in order to rid us of the rest, the whole duties were drawn back, provided the exportation took place within three years.

We still have, though not altogether, yet very nearly the monopoly of the sugars of our West Indian islands. If sugars are exported within a year, therefore, all the duties upon importation are drawn back, and if exported within three years, all the duties, except half the old subsidy, which still continues to be retained upon the exportation of the greater part of goods. Though the importation of sugar exceeds, a good deal, what is necessary for the home consumption, the excess is inconsiderable, in comparison of what it used to be in tobacco.

Some goods, the particular objects of the jealousy of our own manufacturers, are prohibited to be imported for home consumption. They may, however, upon paying certain duties, be imported and warehoused for exportation. But upon such exportation, no part of these duties is drawn back. Our manufacturers are unwilling, it seems, that even this re-

stricted importation should be encouraged, and are afraid lest some part of these goods should be stolen out of the warehouse, and thus come into competition with their own. It is under these regulations only that we can import wrought silks, French cambricks and lawns, calicoes painted, printed, stained, or dyed, &c.

We are unwilling even to be the carriers of French goods, and choose rather to forego a profit to ourselves, than to suffer those, whom we consider as our enemies, to make any profit by our means. Not only half the old subsidy, but the second twenty-five per cent. is retained upon the exportation of all French goods.

By the fourth of the rules annexed to the old subsidy, the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were, at that time, paid upon their importation; and it seems, at that time, to have been the object of the legislature to give somewhat more than ordinary encouragement to the carrying trade in wine. Several of the other duties too, which were imposed, either at the same time, or subsequent to the old subsidy; what is called the additional duty, the new subsidy, the one-third and two-thirds subsidies, the impost 1692, the coinage on wine, were allowed to be wholly drawn back upon exportation. All those duties, however, except the additional duty and impost 1692, being paid down in ready money, upon importation, the interest of so large a sum occasioned an expense which made

it unreasonable to expect any profitable carrying trade in this article. Only a part, therefore, of the duty called the impost on wine, and no part of the twenty-five pounds the tun upon French wines, or of the duties imposed in 1745, in 1763, and in 1778, were allowed to be drawn back upon exportation. The two imposts of five per cent. imposed in 1779 and 1781, upon all the former duties of customs, being allowed to be wholly drawn back upon the exportation of all other goods, were likewise allowed to be drawn back upon that of wine. The last duty that has been particularly imposed upon wine, that of 1780, is allowed to be wholly drawn back, an indulgence which, when so many heavy duties are retained, most probably could never occasion the exportation of a single tun of wine. These rules take place with regard to all places of lawful exportation, except the British colonies in America.

The 15th Charles II. chap. 7. called an act for the encouragement of trade, had given Great Britain the monopoly of supplying the colonies with all the commodities of the growth or manufacture of Europe; and consequently with wines. In a country of so extensive a coast as our North American and West Indian colonies, where our authority was always so very slender, and where the inhabitants were allowed to carry out, in their own ships, their non-enumerated commodities, at first, to all parts of Europe, and afterwards, to all parts of Europe south of Cape Finisterre, it is not very pro-

bable that this monopoly could ever be much respected; and they probably, at all times, found means of bringing back some cargo from the countries to which they were allowed to carry out one. They seem, however, to have found some difficulty in importing European wines from the places of their growth, and they could not well import them from Great Britain, where they were loaded with many heavy duties, of which a considerable part was not drawn back upon exportation. Madeira wine, not being a European commodity, could be imported directly into America and the West Indies, countries which, in all their non-enumerated commodities, enjoyed a free trade to the island of Madeira. These circumstances had probably introduced that general taste for Madeira wine, which our officers found established in all our colonies at the commencement of the war which began in 1755, and which they brought back with them to the mother country, where that wine had not been much in fashion before. Upon the conclusion of that war, in 1763 (by the 4th Geo. III. chap. 15, sect. 12.) all the duties, except 3*l.* 10*s.* were allowed to be drawn back, upon the exportation to the colonies of all wines, except French wines, to the commerce and consumption of which, national prejudice would allow no sort of encouragement. The period between the granting of this indulgence and the revolt of our North American colonies was probably too short to admit of any considerable change in the customs of those countries.

The same act, which, in the drawback upon all wines, except French wines, thus favoured the colonies so much more than other countries; in those, upon the greater part of other commodities, favoured them much less. Upon the exportation of the greater part of commodities to other countries, half the old subsidy was drawn back. But this law enacted that no part of that duty should be drawn back upon the exportation to the colonies of any commodities, of the growth or manufacture either of Europe or the East Indies, except wines, white calicoes, and muslins.

Drawbacks were, perhaps, originally granted for the encouragement of the carrying trade, which, as the freight of the ships is frequently paid by foreigners in money, was supposed to be peculiarly fitted for bringing gold and silver into the country. But though the carrying trade certainly deserves no peculiar encouragement, though the motive of the institution was, perhaps, abundantly foolish, the institution itself seems reasonable enough. Such drawbacks cannot force into this trade a greater share of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation. They only prevent its being excluded altogether by those duties. The carrying trade, though it deserves no preference, ought not to be precluded, but to be left free like all other trades. It is a necessary resource to those capitals which cannot find employment either in the agriculture or in the manufactures of the country; either

in its home trade or in its foreign trade of consumption.

The revenue of the customs, instead of suffering, profits from such drawbacks, by that part of the duty which is retained. If the whole duties had been retained, the foreign goods upon which they are paid, could seldom have been exported, nor consequently imported, for want of a market. The duties, therefore, of which a part is retained, would never have been paid.

These reasons seem sufficiently to justify drawbacks, and would justify them, though the whole duties, whether upon the produce of domestic industry, or upon foreign goods, were always drawn back upon exportation. The revenue of excise would in this case, indeed, suffer a little, and that of the customs a good deal more; but the natural balance of industry, the natural division and distribution of labour [employments], which is always more or less disturbed by such duties, would be more nearly re-established by such a regulation.

These reasons, however, will justify drawbacks only upon exporting goods to those countries which are altogether foreign and independent, not to those in which our merchants and manufacturers enjoy a monopoly. A drawback, for example, upon the exportation of European goods to our American colonies, will not always occasion a greater exportation than what would have taken place without it. By means of the monopoly which our merchants and manufacturers enjoy there, the same quantity

might frequently, perhaps, be sent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loss to the revenue of excise and customs, without altering the state of the trade, or rendering it in any respect more extensive. How far such drawbacks can be justified, as a proper encouragement to the industry of our colonies, or how far it is advantageous to the mother-country, that they should be exempted from taxes which are paid by all the rest of their fellow subjects, will appear hereafter when I come to treat of colonies.

Drawbacks, however, it must always be understood, are useful only in those cases in which the goods for the exportation of which they are given, are really exported to some foreign country; and not clandestinely re-imported into our own. That some drawbacks, particularly those upon tobacco, have frequently been abused in this manner, and have given occasion to many frauds equally hurtful both to the revenue and to the fair trader, is well known.

CHAPTER V.

Of Bounties.

BOUNTIES upon exportation are, in Great Britain, frequently petitioned for, and sometimes granted to the produce of particular branches of domestic industry. By means of them our merchants and manufacturers, it is pretended, will be enabled to sell their goods as cheap or cheaper than their rivals in the foreign market. A greater quantity, it is said, will thus be exported, and the balance of trade consequently turned more in favour of our own country. We cannot give our workmen a monopoly in the foreign, as we have done in the home market. We cannot force foreigners to buy their goods, as we have done our own countrymen. The next best expedient, it has been thought, therefore, is to pay them for buying. It is in this manner that the mercantile system proposes to enrich the whole country, and to put money into all our pockets by means of the balance of trade.

Bounties, it is allowed, ought to be given to those branches of trade only which cannot be carried on without them. But every branch of trade in which the merchant can sell his goods for a price which replaces to him, with the ordinary profits of stock,

the whole capital employed in preparing and sending them to market, can be carried on without a bounty. Every such branch is evidently upon a level with all the other branches of trade which are carried on without bounties, and cannot therefore require one more than they. Those trades only require bounties in which the merchant is obliged to sell his goods for a price which does not replace to him his capital, together with the ordinary profit: or in which he is obliged to sell them for less than it really costs him to send them to market. The bounty is given in order to make up this loss, and to encourage him to continue, or perhaps to begin, a trade of which the expense is supposed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of such a nature, that, if all other trades resembled it, there would soon be no capital left in the country.

The trades, it is to be observed, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any considerable time together, in such a manner as that one of them shall always and regularly lose, or sell its goods for less than it really costs to send them to market. But if the bounty did not repay to the merchant what he would otherwise lose upon the price of his goods, his own interest would soon oblige him to employ his stock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in sending them to market. The

effect of bounties, like that of all the other expedients of the mercantile system, can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord.

The ingenious and well-informed author of the tracts upon the corn trade has shown very clearly, that since the bounty upon the exportation of corn was first established, the price of the corn exported, valued moderately enough, has exceeded that of the corn imported, valued very high, by a much greater sum than the amount of the whole bounties which have been paid during that period. This, he imagines, upon the true principles of the mercantile system, is a clear proof that this forced corn trade is beneficial to the nation; the value of the exportation exceeding that of the importation by a much greater sum than the whole extraordinary expense which the public has been at in order to get it exported. He does not consider that this extraordinary expense, or the bounty, is the smallest part of the expense which the exportation of corn really costs the society. The capital which the farmer employed in raising it, must likewise be taken into the account. Unless the price of the corn when sold in the foreign markets replaces, not only the bounty, but this capital, together with the ordinary profits of stock, the society is a loser by the difference, or the national stock is so much diminished. But the very reason for which it has been thought

necessary to grant a bounty, is the supposed insufficiency of the price to do this.

The average price of corn, it has been said, has fallen considerably since the establishment of the bounty. That the average price of corn began to fall somewhat towards the end of the last century, and has continued to do so during the course of the sixty-four first years of the present, I have already endeavoured to show. But this event, supposing it to be real, as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in consequence of it. It has happened in France, as well as in England, though in France there was, not only no bounty, but, till 1764, the exportation of corn was subjected to a general prohibition. This gradual fall in the average price of grain, it is probable, therefore, is ultimately owing neither to the one regulation nor to the other, but to that gradual and insensible rise in the real value of silver, which, in the first book of this discourse, I have endeavoured to show has taken place in the general market of Europe, during the course of the present century. It seems to be altogether impossible that the bounty could ever contribute to lower the price of grain.

In years of plenty, it has already been observed, the bounty, by occasioning an extraordinary exportation, necessarily keeps up the price of corn in the home market above what it would naturally fall to. To do so was the avowed purpose of the institution.

In years of scarcity, though the bounty is frequently suspended, yet the great exportation which it occasions in years of plenty, must frequently hinder more or less the plenty of one year from relieving the scarcity of another. Both in years of plenty, and in years of scarcity, therefore, the bounty necessarily tends to raise the money price of corn somewhat higher than it otherwise would be in the home market.

That, in the actual state of tillage, the bounty must necessarily have this tendency, will not, I apprehend, be disputed by any reasonable person. But it has been thought by many people that it tends to encourage tillage, and that in two different ways; first, by opening a more extensive foreign market to the corn of the farmer, it tends, they imagine, to increase the demand for, and consequently the production of that commodity; and secondly, by securing to him a better price than he could otherwise expect in the actual state of tillage, it tends, they suppose, to encourage tillage. This double encouragement must, they imagine, in a long period of years, occasion such an increase in the production of corn, as may lower its price in the home market much more than the bounty can raise it, in the actual state which tillage may, at the end of that period, happen to be in.

I answer, that whatever extension of the foreign market can be occasioned by the bounty, must, in every particular year, be altogether at the expense of the home market; as every bushel of corn which

is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity. The corn bounty, it is to be observed, as well as every other bounty upon exportation, imposes two different taxes upon the people; first, the tax which they are obliged to contribute, in order to pay the bounty; and secondly, the tax which arises from the advanced price of the commodity in the home market, and which, as the whole body of the people are purchasers of corn, must, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this second tax is by much the heaviest of the two. Let us suppose that, taking one year with another, the bounty of five shillings upon the exportation of the quarter of wheat, raises the price of that commodity in the home market only sixpence the bushel, or four shillings the quarter, higher than it otherways would have been in the actual state of the crop. Even upon this very moderate supposition, the great body of the people, over and above contributing the tax which pays the bounty of five shillings upon every quarter of wheat exported, must pay another of four shillings upon every quarter which they themselves consume. But, according to the very well informed author of the tracts upon the corn-trade, the average proportion of the corn exported to that consumed at home, is not more than that of

one to thirty-one. For every five shillings, therefore, which they contribute to the payment of the first tax, they must contribute six pounds four shillings to the payment of the second. So very heavy a tax upon the first necessary of life, must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their subsistence. So far as it operates in the one way, it must reduce the ability of the labouring poor to educate and bring up their children, and must so far tend to restrain the population of the country. So far as it operates in the other, it must reduce the ability of the employers of the poor, to employ so great a number as they otherwise might do, and must, so far, tend to restrain the industry of the country. The extraordinary exportation of corn, therefore, occasioned by the bounty, not only, in every particular year, diminishes the home, just as much as it extends the foreign market and consumption, but, by restraining the population and industry of the country, its final tendency is to stunt and restrain the gradual extension of the home market; and thereby, in the long run, rather to diminish, than to augment, the whole market and consumption of corn.

This enhancement of the money price of corn, however, it has been thought, by rendering that commodity more profitable to the farmer, must necessarily encourage its production.

I answer, that this might be the case if the effect of the bounty was to raise the real price of corn, or to enable the farmer, with an equal quantity of it, to maintain a greater number of labourers in the same manner, whether liberal, moderate, or scanty, than other labourers are commonly maintained in his neighbourhood. But neither the bounty, it is evident, nor any other human institution, can have any such effect. It is not the real, but the nominal price of corn, which can in any considerable degree be affected by the bounty. And though the tax which that institution imposes upon the whole body of the people, may be very burdensome to those who pay it, it is of very little advantage to those who receive it.

The real effect of the bounty is not so much to raise the real value of corn, as to degrade the real value of silver; or to make an equal quantity of it exchange for a smaller quantity, not only of corn, but of all other home-made commodities: for the money price of corn regulates that of all other home-made commodities.

It regulates the money price of labour, which must always be such as to enable the labourer to purchase a quantity of corn sufficient to maintain him and his family either in the liberal, moderate, or scanty manner in which the advancing, stationary, or declining circumstances of the society oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every

period of improvement must bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of grass and hay, of butcher's meat, of horses, and the maintenance of horses, of land carriage consequently, or of the greater part of the inland commerce of the country.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almost all manufactures. By regulating the money price of labour, it regulates that of manufacturing art and industry. And by regulating both, it regulates that of the complete manufacture. The money price of labour, and of every thing that is the produce either of land or labour, must necessarily either rise or fall in proportion to the money price of corn.

Though in consequence of the bounty, therefore, the farmer should be enabled to sell his corn for four shillings the bushel instead of three and sixpence, and to pay his landlord a monied rent proportionable to the rise in the money price of his produce; yet if, in consequence of this rise in the price of corn, four shillings will purchase no more home-made goods of any other kind than three and sixpence would have done before, neither the circumstances of the farmer, nor those of the landlord, will be much mended by this change. The farmer will not be able to cultivate much better: the landlord will not be able to live much better. In the purchase of foreign commodities this enhancement

in the price of corn may give them some little advantage. In that of home-made commodities it can give them none at all. And almost the whole expense of the farmer, and the far greater part even of that of the landlord, is in home-made commodities.

That degradation in the value of silver which is the effect of the fertility of the mines, and which operates equally, or very near equally, through the greater part of the commercial world, is a matter of very little consequence to any particular country. The consequent rise of all money prices, though it does not make those who receive them really richer, does not make them really poorer. A service of plate becomes really cheaper, and every thing else remains precisely of the same real value as before.

But that degradation in the value of silver which, being the effect either of the peculiar situation, or of the political institutions of a particular country, takes place only in that country, is a matter of very great consequence, which, far from tending to make any body really richer, tends to make every body really poorer. The rise in the money price of all commodities, which is in this case peculiar to that country, tends to discourage more or less every sort of industry which is carried on within it, and to enable foreign nations, by furnishing almost all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign, but even in the home market.

It is the peculiar situation of Spain and Portugal as proprietors of the mines, to be the distributors of gold and silver to all the other countries of Europe. Those metals ought naturally, therefore, to be somewhat cheaper in Spain and Portugal than in any other part of Europe. The difference, however, should be no more than the amount of the freight and insurance; and, on account of the great value and small bulk of those metals, their freight is no great matter, and their insurance is the same as that of any other goods of equal value. Spain and Portugal, therefore, could suffer very little from their peculiar situation, if they did not aggravate its disadvantages by their political institutions.

Spain by taxing, and Portugal by prohibiting the exportation of gold and silver, load that exportation with the expense of smuggling, and raise the value of those metals in other countries so much more above what it is in their own, by the whole amount of this expense. When you dam up a stream of water, as soon as the dam is full, as much water must run over the dam head as if there was no dam at all. The prohibition of exportation cannot detain a greater quantity of gold and silver in Spain and Portugal than what they can afford to employ, than what the annual produce of their land and labour will allow them to employ, in coin, plate, gilding, and other ornaments of gold and silver. When they have got this quantity the dam is full, and the whole stream which flows in afterwards must run over. The annual exportation of gold

and silver from Spain and Portugal accordingly is, by all accounts, notwithstanding these restraints, very near equal to the whole annual importation. As the water, however, must always be deeper behind the dam-head than before it, so the quantity of gold and silver which these restraints detain in Spain and Portugal must, in proportion to the annual produce of their land and labour, be greater than what is to be found in other countries. The higher and stronger the dam-head, the greater must be the difference in the depth of water behind and before it. The higher the tax, the higher the penalties with which the prohibition is guarded, the more vigilant and severe the police which looks after the execution of the law, the greater must be the difference in the proportion of gold and silver to the annual produce of the land and labour of Spain and Portugal, and to that of other countries. It is said accordingly to be very considerable, and that you frequently find there a profusion of plate in houses, where there is nothing else which would, in other countries, be thought suitable or correspondent to this sort of magnificence. The cheapness of gold and silver, or what is the same thing, the dearness of all commodities, which is the necessary effect of this redundancy of the precious metals, discourages both the agriculture and manufactures of Spain and Portugal, and enables foreign nations to supply them with many sorts of rude, and with almost all sorts of manufactured produce, for a smaller quantity of gold and silver than what they

themselves can either raise or make them for at home. The tax and prohibition operate in two different ways. They not only lower very much the value of the precious metals in Spain and Portugal, but by detaining there a certain quantity of those metals, which would otherwise flow over other countries, they keep up their value in those other countries somewhat above what it otherwise would be, and thereby give those countries a double advantage in their commerce with Spain and Portugal. Open the flood-gates, and there will presently be less water above, and more below, the dam-head, and it will soon come to a level in both places. Remove the tax and the prohibition, and as the quantity of gold and silver will diminish considerably in Spain and Portugal, so it will increase somewhat in other countries, and the value of those metals, their proportion to the annual produce of land and labour, will soon come to a level, or very near to a level, in all. The loss which Spain and Portugal could sustain by this exportation of their gold and silver would be altogether nominal and imaginary. The nominal value of their goods, and of the annual produce of their land and labour, would fall, and would be expressed or represented by a smaller quantity of silver than before: but their real value would be the same as before, and would be sufficient to maintain, command, and employ, the same quantity of labour. As the nominal value of their goods would fall, the real value of what remained of their gold and silver would rise,

and a smaller quantity of those metals would answer all the same purposes of commerce and circulation which had employed a greater quantity before. The gold and silver which would go abroad would not go abroad for nothing, but would bring back an equal value of goods of some kind or another. Those goods too would not be all matters of mere luxury and expense, to be consumed by idle people, who produce nothing in return for their consumption. As the real wealth and revenue of idle people would not be augmented by this extraordinary exportation of gold and silver, so neither would their consumption be much augmented by it. Those goods would, probably, the greater part of them, and certainly some part of them, consist in materials, tools, and provisions, for the employment and maintenance of industrious people, who would reproduce, with a profit, the full value of their consumption. A part of the dead stock of the society would thus be turned into active stock, and would put into motion a greater quantity of industry than had been employed before. The annual produce of their land and labour would immediately be augmented a little, and in a few years would, probably, be augmented a great deal; their industry being thus relieved from one of the most oppressive burdens which it at present labours under.

The bounty upon the exportation of corn necessarily operates exactly in the same way as this absurd policy of Spain and Portugal. Whatever

be the actual state of tillage, it renders our corn somewhat dearer in the home market than it otherwise would be in that state, and somewhat cheaper in the foreign; and as the average money price of corn regulates more or less that of all other commodities, it lowers the value of silver considerably in the one, and tends to raise it a little in the other. It enables foreigners, the Dutch in particular, not only to eat our corn cheaper than they otherwise could do, but sometimes to eat it cheaper than even our own people can do upon the same occasions; as we are assured by an excellent authority, that of Sir Matthew Decker. It hinders our own workmen from furnishing their goods for so small a quantity of silver as they otherwise might do; and enables the Dutch to furnish theirs for a smaller. It tends to render our manufactures somewhat dearer in every market, and theirs somewhat cheaper than they otherwise would be, and consequently to give their industry a double advantage over our own.

The bounty, as it raises in the home market, not so much the real, as the nominal price of our corn, as it augments, not the quantity of labour which a certain quantity of corn can maintain and employ, but only the quantity of silver which it will exchange for, it discourages our manufactures, without rendering any considerable service either to our farmers or country gentlemen. It puts, indeed, a little more money into the pockets of both, and it will perhaps be somewhat difficult to persuade the greater part of them that this is not rendering them

a very considerable service. But if this money sinks in its value, in the quantity of labour, provisions, and home-made commodities of all different kinds which it is capable of purchasing, as much as it rises in its quantity, the service will be little more than nominal and imaginary.

There is, perhaps, but one set of men in the whole commonwealth to whom the bounty either was or could be essentially serviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of one year from relieving the scarcity of another, it occasioned in years of scarcity a greater importation than would otherwise have been necessary. It increased the business of the corn merchant in both; and in years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price, and consequently with a greater profit than he could otherwise have made, if the plenty of one year had not been more or less hindered from relieving the scarcity of another. It is in this set of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty.

Our country gentlemen, when they imposed the high duties upon the importation of foreign corn, which in times of moderate plenty amount to a prohibition, and when they established the bounty, seemed to have imitated the conduct of our manu-

facturers. By the one institution, they secured to themselves the monopoly of the home market, and by the other they endeavoured to prevent that market from ever being overstocked with their commodity. By both they endeavoured to raise its real value, in the same manner as our manufacturers had, by the like institutions, raised the real value of many different sorts of manufactured goods. They did not perhaps attend to the great and essential difference which nature has established between corn and almost every other sort of goods. When, either by the monopoly of the home market, or by a bounty upon exportation, you enable our woollen or linen manufacturers to sell their goods for somewhat a better price than they otherwise could get for them, you raise, not only the nominal, but the real price of those goods. You render them equivalent to a greater quantity of labour and subsistence, you increase not only the nominal, but the real profit, the real wealth and revenue of those manufacturers, and you enable them either to live better themselves, or to employ a greater quantity of labour in those particular manufactures. You really encourage those manufactures, and direct towards them a greater quantity of the industry of the country, than what would probably go to them of its own accord. But when by the like institutions you raise the nominal or money-price of corn, you do not raise its real value. You do not increase the real wealth, the real revenue either of our farmers or country gentlemen. You

do not encourage the growth of corn, because you do not enable them to maintain and employ more labourers in raising it. The nature of things has stamped upon corn a real value which cannot be altered by merely altering its money price. No bounty upon exportation, no monopoly of the home market, can raise that value. The freest competition cannot lower it. Through the world in general that value is equal to the quantity of labour which it can maintain, and in every particular place it is equal to the quantity of labour which it can maintain in the way, whether liberal, moderate, or scanty, in which labour is commonly maintained in that place. Woollen or linen cloth are not the regulating commodities by which the real value of all other commodities must be finally measured and determined; corn is. The real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn. The real value of corn does not vary with those variations in its average money price, which sometimes occur from one century to another. It is the real value of silver which varies with them.

Bounties upon the exportation of any home-made commodity are liable, first, to that general objection which may be made to all the different expedients of the mercantile system; the objection of forcing some part of the industry of the country into a channel less advantageous than that in which it would run of its own accord: and, secondly, to

the particular objection of forcing it, not only into a channel that is less advantageous, but into one that is actually disadvantageous; the trade which cannot be carried on but by means of a bounty being necessarily a losing trade. The bounty upon the exportation of corn is liable to this further objection, that it can in no respect promote the raising of that particular commodity of which it was meant to encourage the production. When our country gentlemen, therefore, demanded the establishment of the bounty, though they acted in imitation of our merchants and manufacturers, they did not act with that complete comprehension of their own interest which commonly directs the conduct of those two other orders of people. They loaded the public revenue with a very considerable expense; they imposed a very heavy tax upon the whole body of the people; but they did not, in any sensible degree, increase the real value of their own commodity; and by lowering somewhat the real value of silver, they discouraged, in some degree, the general industry of the country, and, instead of advancing, retarded more or less the improvement of their own lands, which necessarily depends upon the general industry of the country.

To encourage the production of any commodity, a bounty upon production, one should imagine, would have a more direct operation, than one upon exportation. It would, besides, impose only one tax upon the people, that which they must contribute in order to pay the bounty. Instead of raising,

it would tend to lower the price of the commodity in the home market; and thereby, instead of imposing a second tax upon the people, it might, at least in part, repay them for what they had contributed to the first. Bounties upon production, however, have been very rarely granted. The prejudices established by the commercial system have taught us to believe, that national wealth arises more immediately from exportation than from production. It has been more favoured accordingly, as the more immediate means of bringing money into the country. Bounties upon production, it has been said too, have been found by experience more liable to frauds than those upon exportation. How far this is true, I know not. That bounties upon exportation have been abused to many fraudulent purposes, is very well known. But it is not the interest of merchants and manufacturers, the great inventors of all these expedients, that the home market should be overstocked with their goods, an event which a bounty upon production might sometimes occasion. A bounty upon exportation, by enabling them to send abroad their surplus part, and to keep up the price of what remains in the home market, effectually prevents this. Of all the expedients of the mercantile system, accordingly, it is the one of which they are the fondest. I have known the different undertakers of some particular works agree privately among themselves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they

dealt in. This expedient succeeded so well, that it more than doubled the price of their goods in the home market, notwithstanding a very considerable increase in the produce. The operation of the bounty upon corn must have been wonderfully different, if it has lowered the money price of that commodity.

Something like a bounty upon production, however, has been granted upon some particular occasions. The tonnage bounties given to the white herring and whale fisheries may, perhaps, be considered as somewhat of this nature. They tend directly, it may be supposed, to render the goods cheaper in the home market than they otherwise would be. In other respects their effects, it must be acknowledged, are the same as those of bounties upon exportation. By means of them a part of the capital of the country is employed in bringing goods to market, of which the price does not repay the cost, together with the ordinary profits of stock.

But though the tonnage bounties to those fisheries do not contribute to the opulence of the nation, it may perhaps be thought that they contribute to its defence, by augmenting the number of its sailors and shipping. This, it may be alleged, may sometimes be done by means of such bounties at a much smaller expense, than by keeping up a great standing navy, if I may use such an expression, in the same way as a standing army.

Notwithstanding these favourable allegations, however, the following considerations dispose me

to believe, that in granting at least one of these bounties, the legislature has been very grossly imposed upon.

First, the herring buss bounty seems too large.

From the commencement of the winter fishing 1771 to the end of the winter fishing 1781, the tonnage bounty upon the herring buss fishery has been at thirty shillings the ton. During these eleven years the whole number of barrels caught by the herring buss fishery of Scotland amounted to 378,347. The herrings caught and cured at sea, are called sea sticks. In order to render them what are called merchantable herrings, it is necessary to repack them with an additional quantity of salt; and in this case, it is reckoned, that three barrels of sea sticks, are usually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during these eleven years, will amount only, according to this account, to 252,231⅓. During these eleven years the tonnage bounties paid amounted to 155,463*l.* 11*s.* or to 8*s.* 2¼*d.* upon every barrrel of sea sticks, and to 12*s.* 3¾*d.* upon every barrel of merchantable herrings.

The salt with which these herrings are cured is sometimes Scotch, and sometimes foreign salt; both which are delivered free of all excise duty to the fish-curers. The excise duty upon Scotch salt is at present 1*s.* 6*d.*, that upon foreign salt 10*s.* the bushel. A barrel of herrings is supposed to require about one bushel and one-fourth of a bushel foreign

salt. Two bushels are the supposed average of Scotch salt. If the herrings are entered for exportation, no part of this duty is paid up; if entered for home consumption, whether the herrings were cured with foreign or with Scotch salt, only one shilling the barrel is paid up. It was the old Scotch duty upon a bushel of salt, the quantity which, at a low estimation, had been supposed necessary for curing a barrel of herrings. In Scotland, foreign salt is very little used for any other purpose but the curing of fish. But from the 5th April, 1771, to the 5th April, 1782, the quantity of foreign salt imported amounted to 936,974 bushels, at eighty-four pounds the bushel: the quantity of Scotch salt delivered from the works to the fish-curers, to no more than 168,226, at fifty-six pounds the bushel only. It would appear, therefore, that it is principally foreign salt that is used in the fisheries. Upon every barrel of herrings exported there is, besides, a bounty of 2*s.* 8*d.*, and more than two-thirds of the buss-caught herrings are exported. Put all these things together, and you will find that, during these eleven years, every barrel of buss-caught herrings, cured with Scotch salt when exported, has cost government 17*s.* 11¾*d.*; and when entered for home consumption 14*s.* 3¾*d.*; and that every barrel cured with foreign salt, when exported, has cost government 1*l.* 7*s.* 5¾*d.*; and when entered for home consumption 1*l.* 3*s.* 9¾*d.* The price of a barrel of good merchantable herrings runs from

seventeen and eighteen to four and five and twenty shillings; about a guinea at an average *.

Secondly, the bounty to the white herring fishery is a tonnage bounty; and is proportioned to the burden of the ship, not to her diligence or success in the fishery; and it has, I am afraid, been too common for vessels to fit out for the sole purpose of catching, not the fish, but the bounty. In the year 1759, when the bounty was at fifty shillings the ton, the whole buss fishery of Scotland brought in only four barrels of sea sticks. In that year each barrel of sea sticks cost government in bounties alone 113*l.* 15*s.*; each barrel of merchantable herrings 159*l.* 7*s.* 6*d.*

Thirdly, the mode of fishing for which this tonnage bounty in the white herring fishery has been given (by busses or decked vessels from twenty to eighty tons burthen), seems not so well adapted to the situation of Scotland as to that of Holland; from the practice of which country it appears to have been borrowed. Holland lies at a great distance from the seas to which herrings are known principally to resort; and can, therefore, carry on that fishery only in decked vessels, which can carry water and provisions sufficient for a voyage to a distant sea. But the Hebrides, or western islands, the islands of Shetland, and the northern and north-western coasts of Scotland, the countries in whose neighbourhood the herring fishery is prin-

* See the accounts at the end of the volume.—A.

cipally carried on, are every where intersected by arms of the sea, which run up a considerable way into the land, and which, in the language of the country, are called sea-lochs. It is to these sea-lochs that the herrings principally resort during the seasons in which they visit those seas; for the visits of this, and, I am assured, of many other sorts of fish, are not quite regular and constant. A boat fishery, therefore, seems to be the mode of fishing best adapted to the peculiar situation of Scotland: the fishers carrying the herrings on shore as fast as they are taken, to be either cured or consumed fresh. But the great encouragement which a bounty of thirty shillings the ton gives to the buss fishery is necessarily a discouragement to the boat fishery; which, having no such bounty, cannot bring its cured fish to market upon the same terms as the buss fishery. The boat fishery, accordingly, which, before the establishment of the buss bounty, was very considerable, and is said to have employed a number of seamen, not inferior to what the buss fishery employs at present, is now gone almost entirely to decay. Of the former extent, however, of this now ruined and abandoned fishery, I must acknowledge, that I cannot pretend to speak with much precision. As no bounty was paid upon the outfit of the boat-fishery, no account was taken of it by the officers of the customs or salt duties.

Fourthly, in many parts of Scotland, during certain seasons of the year, herrings make no inconsiderable part of the food of the common people.

A bounty, which tended to lower their price
home market, might contribute a good deal
relief of a great number of our fellow-sul
whose circumstances are by no means affluent.
the herring buss bounty contributes to no
good purpose. It has ruined the boat fishery,
is, by far, the best adapted for the supply
home market, and the additional bounty of 2
the barrel upon exportation, carries the g
part, more than two thirds, of the produce
buss fishery abroad. Between thirty and
years ago, before the establishment of the
bounty, sixteen shillings the barrel, I have
assured, was the common price of white her
Between ten and fifteen years ago, before th
fishery was entirely ruined, the price is said t
run from seventeen to twenty shillings the
For these last five years, it has, at an average,
at twenty-five shillings the barrel. This high
however, may have been owing to the real sc
of the herrings upon the coast of Scotland. I
observe too, that the cask or barrel, whi
usually sold with the herrings, and of whic
price is included in all the foregoing prices
since the commencement of the American
risen to about double its former price, or from
three shillings to about six shillings. I
likewise observe, that the accounts I have re
of the prices of former times have been
means quite uniform and consistent; and a
man of great accuracy and experience has as

me, that more than fifty years ago, a guinea was the usual price of a barrel of good merchantable herrings; and this, I imagine, may still be looked upon as the average price. All accounts, however, I think, agree, that the price has not been lowered in the home market, in consequence of the buss bounty.

When the undertakers of fisheries, after such liberal bounties have been bestowed upon them, continue to sell their commodity at the same, or even at a higher price than they were accustomed to do before, it might be expected that their profits should be very great; and it is not improbable that those of some individuals may have been so. In general, however, I have every reason to believe, they have been quite otherwise. The usual effect of such bounties is to encourage rash undertakers to adventure in a business which they do not understand, and what they lose by their own negligence and ignorance, more than compensates all that they can gain by the utmost liberality of government. In 1750, by the same act which first gave the bounty of thirty shillings the ton for the encouragement of the white herring fishery (the 23 Geo. II. chap. 24.), a joint stock company was erected, with a capital of five hundred thousand pounds, to which the subscribers (over and above all other encouragements, the tonnage bounty just now mentioned, the exportation bounty of two shillings and eight pence the barrel, the delivery of both British and foreign salt duty free) were,

during the space of fourteen years, for every hundred pounds which they subscribed and paid into the stock of the society, entitled to three pounds a-year, to be paid by the receiver-general of the customs in equal half-yearly payments. Besides this great company, the residence of whose governor and directors was to be in London, it was declared lawful to erect different fishing-chambers in all the different out-ports of the kingdom, provided a sum not less than ten thousand pounds was subscribed into the capital of each, to be managed at its own risk, and for its own profit and loss. The same annuity, and the same encouragements of all kinds, were given to the trade of those inferior chambers, as to that of the great company. The subscription of the great company was soon filled up, and several different fishing-chambers were erected in the different out-ports of the kingdom. In spite of all these encouragements, almost all those different companies, both great and small, lost either the whole, or the greater part of their capitals; scarce a vestige now remains of any of them, and the white herring fishery is now entirely, or almost entirely, carried on by private adventurers.

If any particular manufacture was necessary, indeed, for the defence of the society, it might not always be prudent to depend upon our neighbours for the supply; and if such manufacture could not otherwise be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it. The boun-

ties upon the exportation of British-made sail-cloth, and British-made gunpowder, may, perhaps, both be vindicated upon this principle.

But though it can very seldom be reasonable to tax the industry of the great body of the people, in order to support that of some particular class of manufacturers; yet in the wantonness of great prosperity, when the public enjoys a greater revenue than it knows well what to do with, to give such bounties to favourite manufactures may, perhaps, be as natural, as to incur any other idle expense. In public, as well as in private expenses, great wealth may, perhaps, frequently be admitted as an apology for great folly. But there must surely be something more than ordinary absurdity, in continuing such profusion in times of general difficulty and distress.

What is called a bounty is sometimes no more than a drawback, and consequently is not liable to the same objections as what is properly a bounty. The bounty, for example, upon refined sugar exported may be considered as a drawback of the duties upon the brown and muscovado sugars, from which it is made. The bounty upon wrought silk exported, a drawback of the duties upon raw and thrown silk imported. The bounty upon gunpowder exported, a drawback of the duties upon brimstone and saltpetre imported. In the language of the customs those allowances only are called drawbacks, which are given upon goods exported in the same form in which they are im-

ported. When that form has been so altered by manufacture of any kind, as to come under a new denomination, they are called bounties.

Premiums given by the public to artists and manufacturers who excel in their particular occupations, are not liable to the same objections as bounties. By encouraging extraordinary dexterity and ingenuity, they serve to keep up the emulation of the workmen actually employed in those respective occupations, and are not considerable enough to turn towards any one of them a greater share of the capital of the country than what would go to it of its own accord. Their tendency is not to overturn the natural balance of employments, but to render the work which is done in each as perfect and complete as possible. The expense of premiums, besides, is very trifling; that of bounties very great. The bounty upon corn alone has sometimes cost the public in one year more than three hundred thousand pounds.

Bounties are sometimes called premiums, as drawbacks are sometimes called bounties. But we must in all cases attend to the nature of the thing, without paying any regard to the word.

Digression concerning the Corn Trade and Corn Laws.

I CANNOT conclude this chapter concerning bounties, without observing that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn, and upon that

system of regulations which is connected with it, are altogether unmerited. A particular examination of the nature of the corn trade, and of the principal British laws which relate to it, will sufficiently demonstrate the truth of this assertion. The great importance of this subject must justify the length of the digression.

The trade of the corn merchant is composed of four different branches, which, though they may sometimes be all carried on by the same person, are in their own nature four separate and distinct trades. These are, first, the trade of the inland dealer; secondly, that of the merchant importer for home consumption; thirdly, that of the merchant exporter of home produce for foreign consumption; and fourthly, that of the merchant carrier, or of the importer of corn in order to export it again.

I. The interest of the inland dealer, and that of the great body of the people, how opposite soever they may at first sight appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real scarcity of the season requires, and it can never be his interest to raise it higher. By raising the price he discourages the consumption, and puts every body more or less, but particularly the inferior ranks of people, upon thrift and good management. If, by raising it too high, he discourages the consumption so much that the supply of the season is likely to go beyond the con-

sumption of the season, and to last for some time after the next crop begins to come in, he runs the hazard, not only of losing a considerable part of his corn by natural causes, but of being obliged to sell what remains of it for much less than what he might have had for it several months before. If by not raising the price high enough he discourages the consumption so little, that the supply of the season is likely to fall short of the consumption of the season, he not only loses a part of the profit which he might otherwise have made, but he exposes the people to suffer before the end of the season, instead of the hardships of a dearth, the dreadful horrors of a famine. It is the interest of the people that their daily, weekly, and monthly consumption should be proportioned as exactly as possible to the supply of the season. The interest of the inland corn dealer is the same. By supplying them, as nearly as he can judge, in this proportion, he is likely to sell all his corn for the highest price, and with the greatest profit; and his knowledge of the state of the crop, and of his daily, weekly, and monthly sales, enables him to judge, with more or less accuracy, how far they really are supplied in this manner. Without intending the interest of the people, he is necessarily led, by a regard to his own interest, to treat them, even in years of scarcity, pretty much in the same manner as the prudent master of a vessel is sometimes obliged to treat his crew. When he foresees that provisions are likely to run short, he puts them upon short allowance.

Though from excess of caution he should sometimes do this without any real necessity, yet all the inconveniencies which his crew can thereby suffer are inconsiderable, in comparison with the danger, misery, and ruin, to which they might sometimes be exposed by a less provident conduct. Though from excess of avarice, in the same manner, the inland corn merchant should sometimes raise the price of his corn somewhat higher than the scarcity of the season requires, yet all the inconveniencies which the people can suffer from this conduct, which effectually secures them from a famine in the end of the season, are inconsiderable, in comparison of what they might have been exposed to by a more liberal way of dealing in the beginning of it. The corn merchant himself is likely to suffer the most by this excess of avarice; not only from the indignation which it generally excites against him, but, though he should escape the effects of this indignation, from the quantity of corn which it necessarily leaves upon his hands in the end of the season, and which, if the next season happens to prove favourable, he must always sell for a much lower price than he might otherwise have had.

Were it possible, indeed, for one great company of merchants to possess themselves of the whole crop of an extensive country, it might, perhaps, be their interest to deal with it as the Dutch are said to do with the spiceries of the Moluccas, to destroy or throw away a considerable part of it, in order to keep up the price of the rest. But it is scarce pos-

sible, even by the violence of law, to establish such an extensive monopoly with regard to corn; and, wherever the law leaves the trade free, it is of all commodities the least liable to be engrossed or monopolized by the force of a few large capitals, which buy up the greater part of it. Not only its value far exceeds what the capitals of a few private men are capable of purchasing, but supposing they were capable of purchasing it, the manner in which it is produced renders this purchase altogether impracticable. As in every civilized country it is the commodity of which the annual consumption is the greatest, so a greater quantity of industry is annually employed in producing corn than in producing any other commodity. When it first comes from the ground too, it is necessarily divided among a greater number of owners than any other commodity; and these owners can never be collected into one place like a number of independent manufacturers, but are necessarily scattered through all the different corners of the country. These first owners either immediately supply the consumers in their own neighbourhood, or they supply other inland dealers who supply those consumers. The inland dealers in corn, therefore, including both the farmer and the baker, are necessarily more numerous than the dealers in any other commodity, and their dispersed situation renders it altogether impossible for them to enter into any general combination. If in a year of scarcity, therefore, any of them should find that he had a good deal more

corn upon hand than, at the current price, he could hope to dispose of before the end of the season, he would never think of keeping up this price to his own loss, and to the sole benefit of his rivals and competitors, but would immediately lower it, in order to get rid of his corn before the new crop began to come in. The same motives, the same interests, which would thus regulate the conduct of any one dealer, would regulate that of every other, and oblige them all in general to sell their corn at the price which, according to the best of their judgment, was most suitable to the scarcity or plenty of the season.

Whoever examines, with attention, the history of the dearths and famines which have afflicted any part of Europe, during either the course of the present or that of the two preceding centuries, of several of which we have pretty exact accounts, will find, I believe, that a dearth never has arisen from any combination among the inland dealers in corn, nor from any other cause but a real scarcity, occasioned sometimes, perhaps, and in some particular places, by the waste of war, but in by far the greatest number of cases, by the fault of the seasons; and that a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniencies of a dearth.

In an extensive corn country, between all the different parts of which there is a free commerce and communication, the scarcity occasioned by the

most unfavourable seasons can never be so great as to produce a famine; and the scantiest crop, if managed with frugality and economy, will maintain, through the year, the same number of people that are commonly fed in a more affluent manner by one of moderate plenty. The seasons most unfavourable to the crop are those of excessive drought or excessive rain. But as corn grows equally upon high and low lands, upon grounds that are disposed to be too wet, and upon those that are disposed to be too dry, either the drought or the rain which is hurtful to one part of the country is favourable to another; and though both in the wet and in the dry season the crop is a good deal less than in one more properly tempered, yet in both what is lost in one part of the country is in some measure compensated by what is gained in the other. In rice countries, where the crop not only requires a very moist soil, but where in a certain period of its growing it must be laid under water, the effects of a drought are much more dismal. Even in such countries, however, the drought is, perhaps, scarce ever so universal, as necessarily to occasion a famine, if the government would allow a free trade. The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, some injudicious restraints imposed by the servants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine.

When the government, in order to remedy the in-

conveniencies of a dearth, orders all the dealers to sell their corn at what it supposes a reasonable price, it either hinders them from bringing it to market, which may sometimes produce a famine even in the beginning of the season; or if they bring it thither, it enables the people, and thereby encourages them to consume it so fast, as must necessarily produce a famine before the end of the season. The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventive of the miseries of a famine, so it is the best palliative of the inconveniencies of a dearth; for the inconveniencies of a real scarcity cannot be remedied; they can only be palliated. No trade deserves more the full protection of the law, and no trade requires it so much; because no trade is so much exposed to popular odium.

In years of scarcity the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, however, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price. This contract price is settled according to what is supposed to be the moderate and reasonable, that is, the ordinary or average price, which,

before the late years of scarcity, was commonly about eight-and-twenty shillings for the quarter of wheat, and for that of other grain in proportion. In years of scarcity, therefore, the corn merchant buys a great part of his corn for the ordinary price, and sells it for a much higher. That this extraordinary profit, however, is no more than sufficient to put his trade upon a fair level with other trades, and to compensate the many losses which he sustains upon other occasions, both from the perishable nature of the commodity itself, and from the frequent and unforeseen fluctuations of its price, seems evident enough, from this single circumstance, that great fortunes are as seldom made in this as in any other trade. The popular odium, however, which attends it in years of scarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior set of dealers; and millers, bakers, mealmen, and meal factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the consumer.

The ancient policy of Europe, instead of discountenancing this popular odium against a trade so beneficial to the public, seems, on the contrary, to have authorised and encouraged it.

By the 5th and 6th of Edward VI. cap. 14., it was enacted, that whoever should buy any corn or grain with intent to sell it again, should be reputed

an unlawful engrosser, and should, for the first fault, suffer two months' imprisonment, and forfeit the value of the corn; for the second, suffer six months' imprisonment, and forfeit double the value; and for the third, be set in the pillory, suffer imprisonment during the king's pleasure, and forfeit all his goods and chattels. The ancient policy of most other parts of Europe was no better than that of England.

Our ancestors seem to have imagined that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himself. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder as much as possible any middle man of any kind from coming in between the grower and the consumer; and this was the meaning of the many restraints which they imposed upon the trade of those whom they called kidders or carriers of corn, a trade which nobody was allowed to exercise without a licence ascertaining his qualifications as a man of probity and fair dealing. The authority of three justices of the peace was, by the statute of Edward VI., necessary, in order to grant this licence. But even this restraint was afterwards thought insufficient, and by a statute of Elizabeth, the privilege of granting it was confined to the quarter-sessions.

The ancient policy of Europe endeavoured in this manner to regulate agriculture, the great trade of

merchant belonged to the person who was called a farmer, or to the person who was called a corn merchant, an equal profit was in both cases requisite, in order to indemnify its owner for employing it in this manner; in order to put his business on a level with other trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free competition.

The dealer who can employ his whole stock in one single branch of business, has an advantage of the same kind with the workman who can employ his whole labour in one single operation. As the latter acquires a dexterity which enables him, with the same two hands, to perform a much greater quantity of work; so the former acquires so easy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, so the other can commonly afford his goods somewhat cheaper than if his stock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper, whose sole business it was to buy them by wholesale, and to retail them again. The greater part

of farmers could still less afford to retail their own corn, to supply the inhabitants of a town, at perhaps four or five miles' distance from the greater part of them, so cheap as a vigilant and active corn merchant, whose sole business it was to purchase corn by wholesale, to collect it into a great magazine, and to retail it again.

The law which prohibited the manufacturer from exercising the trade of a shopkeeper, endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done. The law which obliged the farmer to exercise the trade of a corn merchant, endeavoured to hinder it from going on so fast. Both laws were evident violations of natural liberty, and therefore unjust; and they were both too as impolitic as they were unjust. It is the interest of every society, that things of this kind should never either be forced or obstructed. The man who employs either his labour or his stock in a greater variety of ways than his situation renders necessary, can never hurt his neighbour by underselling him. He may hurt himself, and he generally does so. Jack of all trades will never be rich, says the proverb. But the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislator can do. The law, however, which obliged the farmer to exercise the trade of a corn merchant, was by far the most pernicious of the two.

It obstructed not only that division in the em-

merchant belonged to the person who was called a farmer, or to the person who was called a corn merchant, an equal profit was in both cases requisite, in order to indemnify its owner for employing it in this manner; in order to put his business on a level with other trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free competition.

The dealer who can employ his whole stock in one single branch of business, has an advantage of the same kind with the workman who can employ his whole labour in one single operation. As the latter acquires a dexterity which enables him, with the same two hands, to perform a much greater quantity of work; so the former acquires so easy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, so the other can commonly afford his goods somewhat cheaper than if his stock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper, whose sole business it was to buy them by wholesale, and to retail them again. The greater part

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ployment of stock which is so advantageous to every society, but it obstructed likewise the improvement and cultivation of the land. By obliging the farmer to carry on two trades, instead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at liberty to sell his whole crop to a corn merchant as fast as he could thresh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more servants, in order to improve and cultivate it better. But by being obliged to sell his corn by retail, he was obliged to keep a great part of his capital in his granaries and stack-yard through the year, and could not, therefore, cultivate so well as with the same capital he might otherwise have done. This law, therefore, necessarily obstructed the improvement of the land, and, instead of tending to render corn cheaper, must have tended to render it scarcer, and therefore dearer, than it would otherwise have been.

After the business of the farmer, that of the corn merchant is in reality the trade which, if properly protected and encouraged, would contribute the most to the raising of corn. It would support the trade of the farmer, in the same manner as the trade of the wholesale dealer supports that of the manufacturer.

The wholesale dealer, by affording a ready market to the manufacturer, by taking his goods off his hand as fast as he can make them, and by sometimes

even advancing their price to him before he has made them, enables him to keep his whole capital, and sometimes even more than his whole capital, constantly employed in manufacturing, and consequently to manufacture a much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers, or even to the retailers. As the capital of the wholesale merchant too is generally sufficient to replace that of many manufacturers, this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones, and to assist them in those losses and misfortunes which might otherwise prove ruinous to them.

An intercourse of the same kind universally established between the farmers and the corn merchants would be attended with effects equally beneficial to the farmers. They would be enabled to keep their whole capitals, and even more than their whole capitals, constantly employed in cultivation. In case of any of those accidents, to which no trade is more liable than theirs, they would find in their ordinary customer, the wealthy corn merchant, a person who had both an interest to support them, and the ability to do it, and they would not, as at present, be entirely dependent upon the forbearance of their landlord, or the mercy of his steward. Were it possible, as perhaps it is not, to establish this intercourse universally, and all at once; were it possible to turn all at once the whole farming stock of the kingdom to its proper business,

the cultivation of land, withdrawing it from every other employment into which any part of it may be at present diverted, and were it possible, in order to support and assist upon occasion the operations of this great stock, to provide all at once another stock almost equally great, it is not perhaps very easy to imagine how great, how extensive, and how sudden would be the improvement which this change of circumstances would alone produce upon the whole face of the country.

The statute of Edward VI., therefore, by prohibiting as much as possible any middle man from coming in between the grower and the consumer, endeavoured to annihilate a trade, of which the free exercise is not only the best palliative of the inconveniencies of a dearth, but the best preventive of that calamity; after the trade of the farmer, no trade contributing so much to the growing of corn as that of the corn merchant.

The rigour of this law was afterwards softened by several subsequent statutes, which successively permitted the engrossing of corn when the price of wheat should not exceed twenty, twenty-four, thirty-two, and forty shillings the quarter. At last, by the 15th of Charles II. c. 7., the engrossing or buying of corn in order to sell it again, as long as the price of wheat did not exceed forty-eight shillings the quarter, and that of other grain in proportion, was declared lawful to all persons not being forestallers, that is, not selling again in the same market within three months. All the freedom which

the trade of the inland corn dealer has ever yet enjoyed, was bestowed upon it by this statute. The statute of the twelfth of the present king, which repeals almost all the other ancient laws against engrossers and forestallers, does not repeal the restrictions of this particular statute, which therefore still continue in force.

This statute, however, authorises in some measure two very absurd popular prejudices.

First, it supposes that when the price of wheat has risen so high as forty-eight shillings the quarter, and that of other grain in proportion, corn is likely to be so engrossed as to hurt the people. But from what has been already said, it seems evident enough that corn can at no price be so engrossed by the inland dealers as to hurt the people: and forty-eight shillings the quarter besides, though it may be considered as a very high price, yet in years of scarcity it is a price which frequently takes place immediately after harvest, when scarce any part of the new crop can be sold off, and when it is impossible even for ignorance to suppose that any part of it can be so engrossed as to hurt the people.

Secondly, it supposes that there is a certain price at which corn is likely to be forestalled, that is, bought up in order to be sold again soon after in the same market, so as to hurt the people. But if a merchant ever buys up corn, either going to a particular market or in a particular market, in order to sell it again soon after in the same market, it must be because he judges that the market cannot

be so liberally supplied through the whole season as upon that particular occasion, and that the price, therefore, must soon rise. If he judges wrong in this, and if the price does not rise, he not only loses the whole profit of the stock which he employs in this manner, but a part of the stock itself, by the expense and loss which necessarily attend the storing and keeping of corn. He hurts himself, therefore, much more essentially than he can hurt even the particular people whom he may hinder from supplying themselves upon that particular market day, because they may afterwards supply themselves just as cheap upon any other market day. If he judges right, instead of hurting the great body of the people, he renders them a most important service. By making them feel the inconveniencies of a dearth somewhat earlier than they otherwise might do, he prevents their feeling them afterwards so severely as they certainly would do, if the cheapness of price encouraged them to consume faster than suited the real scarcity of the season. When the scarcity is real, the best thing that can be done for the people is to divide the inconveniencies of it as equally as possible through all the different months, and weeks, and days of the year. The interest of the corn merchant makes him study to do this as exactly as he can: and as no other person can have either the same interest, or the same knowledge, or the same abilities to do it so exactly as he, this most important operation of commerce ought to be trusted entirely to him; or,

in other words, the corn trade, so far at least as concerns the supply of the home market, ought to be left perfectly free.

The popular fear of engrossing and forestalling may be compared to the popular terrors and suspicions of witchcraft. The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them, than those who have been accused of the former. The law which put an end to all prosecutions against witchcraft, which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime, seems effectually to have put an end to those fears and suspicions, by taking away the great cause which encouraged and supported them. The law which should restore entire freedom to the inland trade of corn, would probably prove as effectual to put an end to the popular fears of engrossing and forestalling.

The 15th of Charles II. c. 7., however, with all its imperfections, has perhaps contributed more both to the plentiful supply of the home market, and to the increase of tillage, than any other law in the statute book. It is from this law that the inland corn trade has derived all the liberty and protection which it has ever yet enjoyed; and both the supply of the home market, and the interest of tillage, are much more effectually promoted by the inland, than either by the importation or exportation trade.

The proportion of the average quantity of all sorts of grain imported into Great Britain to that of all sorts of grain consumed, it has been computed by the author of the tracts upon the corn trade, does not exceed that of one to five hundred and seventy. For supplying the home market, therefore, the importance of the inland trade must be to that of the importation trade as five hundred and seventy to one.

The average quantity of all sorts of grain exported from Great Britain does not, according to the same author, exceed the one-and-thirtieth part of the annual produce. For the encouragement of tillage, therefore, by providing a market for the home produce, the importance of the inland trade must be to that of the exportation trade as thirty to one.

I have no great faith in political arithmetic, and I mean not to warrant the exactness of either of these computations. I mention them only in order to show of how much less consequence, in the opinion of the most judicious and experienced persons, the foreign trade of corn is than the home trade. The great cheapness of corn in the years immediately preceding the establishment of the bounty, may perhaps, with reason, be ascribed in some measure to the operation of this statute of Charles II., which had been enacted about five-and-twenty years before, and which had therefore full time to produce its effect.

A very few words will sufficiently explain all that I have to say concerning the other three branches of the corn trade.

II. The trade of the merchant importer of foreign corn for home consumption, evidently contributes to the immediate supply of the home market, and must so far be immediately beneficial to the great body of the people. It tends, indeed, to lower somewhat the average money price of corn, but not to diminish its real value, or the quantity of labour which it is capable of maintaining. If importation was at all times free, our farmers and country gentlemen would, probably, one year with another, get less money for their corn than they do at present, when importation is at most times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the same as at present, though it might be expressed by a smaller quantity of silver; and they would neither be disabled nor discouraged from cultivating corn as much as they do at present. On the contrary, as the rise in the real value of silver, in consequence of lowering the money price of corn, lowers somewhat the money price of all other commodities, it gives the industry of the country, where it takes place, some advantage in all foreign markets, and thereby tends to encourage and increase that industry. But the extent of the home market for corn must be in proportion to the general in-

dustry of the country where it grows, or to the number of those who produce something else, and therefore have something else, or what comes to the same thing, the price of something else, to give in exchange for corn. But in every country the home market, as it is the nearest and most convenient, so it is likewise the greatest and most important market for corn. That rise in the real value of silver, therefore, which is the effect of lowering the average money price of corn, tends to enlarge the greatest and most important market for corn, and thereby to encourage, instead of discouraging its growth.

By the 22d of Charles II. c. 13., the importation of wheat, whenever the price in the home market did not exceed fifty-three shillings and four pence the quarter, was subjected to a duty of sixteen shillings the quarter; and to a duty of eight shillings whenever the price did not exceed four pounds. The former of these two prices has, for more than a century past, taken place only in times of very great scarcity; and the latter has, so far as I know, not taken place at all. Yet, till wheat had risen above this latter price, it was by this statute subjected to a very high duty; and, till it had risen above the former, to a duty which amounted to a prohibition. The importation of other sorts of grain was restrained at rates, and by duties, in proportion to the value of the grain, almost equally high.*

* Before the 13th of the present king, the following were the duties payable upon the importation of the different sorts of grain:

Subsequent laws still further increased those duties.

The distress which, in years of scarcity, the strict execution of those laws might have brought upon the people, would probably have been very great. But, upon such occasions, its execution was generally suspended by temporary statutes, which permitted, for a limited time, the importation of foreign corn. The necessity of these temporary statutes sufficiently demonstrates the impropriety of this general one.

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation. How hurtful soever in themselves, these or some other restraints upon importation became necessary in consequence of that regulation. If, when wheat was either below forty-eight shillings the quarter, or not much above

Grain.	*Duties.*
Beans to 28*s.* per qr.	19*s.* 10*d.* after till 40*s.* 16*s.* 8*d.* then 12*d.*
Barley to 28*s.*	19*s.* 10*d.* „ 32*s.* 16*s.* „ 12*d.*
Malt is prohibited by the annual Malt-tax Bill.	
Oats to 16*s.*	5*s.* 10*d.* after 9½*d.*
Peas to 40*s.*	16*s.* „ 9¾*d.*
Rye to 36*s.*	19*s.* 10*d.* till 40*s.* 16*s.* 8*d.* then 12*d.*
Wheat to 44*s.*	21*s.* 9*d.* „ 53*s.* 4*d.* 17*s.* „ 8*s.* till 4*l.*, and after that about 1*s.* 4*d.*
Buckwheat to 32*s.* per qr. to pay 16*s.*	

These different duties were imposed, partly by the 22d of Charles II. in place of the Old Subsidy, partly by the New Subsidy, by the One-third and Two-thirds Subsidy, and by the Subsidy 1747.—A.

it, foreign corn could have been imported either duty free, or upon paying only a small duty, it might have been exported again, with the benefit of the bounty, to the great loss of the public revenue, and to the entire perversion of the institution, of which the object was to extend the market for the home growth, not that for the growth of foreign countries.

III. The trade of the merchant exporter of corn for foreign consumption, certainly does not contribute directly to the plentiful supply of the home market. It does so, however, indirectly. From whatever source this supply may be usually drawn, whether from home growth or from foreign importation, unless more corn is either usually grown, or usually imported into the country, than what is usually consumed in it, the supply of the home market can never be very plentiful. But unless the surplus can, in all ordinary cases, be exported, the growers will be careful never to grow more, and the importers never to import more, than what the bare consumption of the home market requires. That market will very seldom be overstocked; but it will generally be understocked, the people, whose business it is to supply it, being generally afraid lest their goods should be left upon their hands. The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its own inhabitants requires. The freedom of exportation enables it to extend cultivation for the supply of foreign nations.

By the 12th of Charles II. c. 4., the exportation

of corn was permitted whenever the price of wheat did not exceed forty shillings the quarter, and that of other grain in proportion. By the 15th of the same prince, this liberty was extended till the price of wheat exceeded forty-eight shillings the quarter; and by the 22nd, to all higher prices. A poundage, indeed, was to be paid to the king upon such exportation. But all grain was rated so low in the book of rates, that this poundage amounted only upon wheat to a shilling, upon oats to four-pence, and upon all other grain to six-pence the quarter. By the 1st of William and Mary, the act which established the bounty, this small duty was virtually taken off whenever the price of wheat did not exceed forty-eight shillings the quarter; and by the 11th and 12th of William III. c. 20., it was expressly taken off at all higher prices.

The trade of the merchant exporter was, in this manner, not only encouraged by a bounty, but rendered much more free than that of the inland dealer. By the last of these statutes, corn could be engrossed at any price for exportation; but it could not be engrossed for inland sale, except when the price did not exceed forty-eight shillings the quarter. The interest of the inland dealer, however, it has already been shown, can never be opposite to that of the great body of the people. That of the merchant exporter may, and in fact sometimes is. If, while his own country labours under a dearth, a neighbouring country should be afflicted with a famine, it might be his interest to carry corn to the

latter country in such quantities as might very much aggravate the calamities of the dearth. The plentiful supply of the home market was not the direct object of those statutes; but, under the pretence of encouraging agriculture, to raise the money price of corn as high as possible, and thereby to occasion, as much as possible, a constant dearth in the home market. By the discouragement of importation, the supply of that market, even in times of great scarcity, was confined to the home growth; and by the encouragement of exportation, when the price was so high as forty-eight shillings the quarter, that market was not, even in times of considerable scarcity, allowed to enjoy the whole of that growth. The temporary laws, prohibiting for a limited time the exportation of corn, and taking off for a limited time the duties upon its importation, expedients to which Great Britain has been obliged so frequently to have recourse, sufficiently demonstrate the impropriety of her general system. Had that system been good, she would not so frequently have been reduced to the necessity of departing from it.

Were all nations to follow the liberal system of free exportation and free importation, the different states into which a great continent was divided would so far resemble the different provinces of a great empire. As among the different provinces of a great empire the freedom of the inland trade appears, both from reason and experience, not only the best palliative of a dearth, but the most effectual preventive of a famine; so would the freedom of

the exportation and importation trade be among the different states into which a great continent was divided. The larger the continent, the easier the communication through all the different parts of it, both by land and by water, the less would any one particular part of it ever be exposed to either of these calamities, the scarcity of any one country being more likely to be relieved by the plenty of some other. But very few countries have entirely adopted this liberal system. The freedom of the corn trade is almost everywhere more or less restrained, and, in many countries, is confined by such absurd regulations, as frequently aggravate the unavoidable misfortune of a dearth, into the dreadful calamity of a famine. The demand of such countries for corn may frequently become so great and so urgent, that a small state in their neighbourhood, which happened at the same time to be labouring under some degree of dearth, could not venture to supply them without exposing itself to the like dreadful calamity. The very bad policy of one country may thus render it in some measure dangerous and imprudent to establish what would otherwise be the best policy in another. The unlimited freedom of exportation, however, would be much less dangerous in great states, in which the growth being much greater, the supply could seldom be much affected by any quantity of corn that was likely to be exported. In a Swiss canton, or in some of the little states of Italy, it may, perhaps, sometimes be necessary to restrain the exportation

of corn. In such great countries as France or England it scarce ever can. To hinder, besides, the farmer from sending his goods at all times to the best market, is evidently to sacrifice the ordinary laws of justice to an idea of public utility, to a sort of reasons of state; an act of legislative authority which ought to be exercised only, which can be pardoned only in cases of the most urgent necessity. The price at which the exportation of corn is prohibited, if it is ever to be prohibited, ought always to be a very high price.

The laws concerning corn may everywhere be compared to the laws concerning religion. The people feel themselves so much interested in what relates either to their subsistence in this life, or to their happiness in a life to come, that government must yield to their prejudices, and, in order to preserve the public tranquillity, establish that system which they approve of. It is upon this account, perhaps, that we so seldom find a reasonable system established with regard to either of those two capital objects.

IV. The trade of the merchant carrier, or of the importer of foreign corn in order to export it again, contributes to the plentiful supply of the home market. It is not indeed the direct purpose of his trade to sell his corn there. But he will generally be willing to do so, and even for a good deal less money than he might expect in a foreign market; because he saves in this manner the expense of loading and unloading, of freight and insurance.

The inhabitants of the country which, by means of the carrying trade, becomes the magazine and storehouse for the supply of other countries, can very seldom be in want themselves. Though the carrying trade must thus contribute to reduce the average money price of corn in the home market, it would not thereby lower its real value. It would only raise somewhat the real value of silver.

The carrying trade was in effect prohibited in Great Britain, upon all ordinary occasions, by the high duties upon the importation of foreign corn, of the greater part of which there was no drawback; and upon extraordinary occasions, when a scarcity made it necessary to suspend those duties by temporary statutes, exportation was always prohibited. By this system of laws, therefore, the carrying trade was in effect prohibited upon all occasions.

That system of laws, therefore, which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been so often ascribed to those laws, may very easily be accounted for by other causes. That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other absurd regulations of commerce; and this security was perfected by the revolution, much about the same time that the bounty was established. The natural effort of every individual to better his

own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often encumbers its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though it is far from being perfectly free, it is as free or freer than in any other part of Europe.

Though the period of the greatest prosperity and improvement of Great Britain has been posterior to that system of laws which is connected with the bounty, we must not upon that account impute it to those laws. It has been posterior likewise to the national debt. But the national debt has most assuredly not been the cause of it.

Though the system of laws which is connected with the bounty has exactly the same tendency with the police of Spain and Portugal: to lower somewhat the value of the precious metals in the country where it takes place; yet Great Britain is certainly one of the richest countries in Europe, while Spain and Portugal are perhaps among the most beggarly. This difference of situation, however, may easily be accounted for from two different causes. First, the tax in Spain, the prohibition in Portugal of exporting gold and silver, and the vigi-

lant police which watches over the execution of those laws, must, in two very poor countries, which between them import annually upwards of six millions sterling, operate, not only more directly, but much more forcibly in reducing the value of those metals there, than the corn laws can do in Great Britain. And, secondly, this bad policy is not in those countries counterbalanced by the general liberty and security of the people. Industry is there neither free nor secure, and the civil and ecclesiastical governments of both Spain and Portugal are such as would alone be sufficient to perpetuate their present state of poverty, even though their regulations of commerce were as wise as the greater part of them are absurd and foolish.

The 13th of the present king, c. 43. seems to have established a new system with regard to the corn laws, in many respects better than the ancient one, but in one or two respects perhaps not quite so good.

By this statute the high duties upon importation for home consumption are taken off so soon as the price of middling wheat rises to forty-eight shillings the quarter; that of middling rye, peas, or beans, to thirty-two shillings; that of barley to twenty-four shillings; and that of oats to sixteen shillings; and instead of them a small duty is imposed of only sixpence upon the quarter of wheat, and upon that of other grain in proportion. With regard to all these different sorts of grain, but particularly with regard to wheat, the home market is thus opened to

foreign supplies at prices considerably lower than before.

By the same statute the old bounty of five shillings upon the exportation of wheat ceases so soon as the price rises to forty-four shillings the quarter, instead of forty-eight, the price at which it ceased before; that of two shillings and six-pence upon the exportation of barley ceases so soon as the price rises to twenty-two shillings, instead of twenty-four, the price at which it ceased before; that of two shillings and six-pence upon the exportation of oatmeal ceases so soon as the price rises to fourteen shillings, instead of fifteen, the price at which it ceased before. The bounty upon rye is reduced from three shillings and six-pence to three shillings, and it ceases so soon as the price rises to twenty-eight shillings, instead of thirty-two, the price at which it ceased before. If bounties are as improper as I have endeavoured to prove them to be, the sooner they cease, and the lower they are, so much the better.

The same statute permits, at the lowest prices, the importation of corn, in order to be exported again, duty free, provided it is in the mean time lodged in a warehouse under the joint locks of the king and the importer. This liberty, indeed, extends to no more than twenty-five of the different ports of Great Britain. They are, however, the principal ones, and there may not, perhaps, be warehouses proper for this purpose in the greater part of the others.

So far this law seems evidently an improvement upon the ancient system.

But by the same law a bounty of two shillings the quarter is given for the exportation of oats whenever the price does not exceed fourteen shillings. No bounty had ever been given before for the exportation of this grain, no more than for that of peas or beans.

By the same law, too, the exportation of wheat is prohibited so soon as the price rises to forty-four shillings the quarter; that of rye so soon as it rises to twenty-eight shillings; that of barley so soon as it rises to twenty-two shillings; and that of oats so soon as they rise to fourteen shillings. Those several prices seem all of them a good deal too low, and there seems to be an impropriety, besides, in prohibiting exportation altogether at those precise prices at which that bounty, which was given in order to force it, is withdrawn. The bounty ought certainly either to have been withdrawn at a much lower price, or exportation ought to have been allowed at a much higher.

So far, therefore, this law seems to be inferior to the ancient system. With all its imperfections, however, we may perhaps say of it what was said of the laws of Solon, that, though not the best in itself, it is the best which the interests, prejudices, and temper of the times would admit of. It may perhaps in due time prepare the way for a better.

CHAPTER VI.

Of Treaties of Commerce.

WHEN a nation binds itself by treaty either to permit the entry of certain goods from one foreign country which it prohibits from all others, or to exempt the goods of one country from duties to which it subjects those of all others, the country, or at least the merchants and manufacturers of the country, whose commerce is so favoured, must necessarily derive great advantage from the treaty. Those merchants and manufacturers enjoy a sort of monopoly in the country which is so indulgent to them. That country becomes a market both more extensive and more advantageous for their goods: more extensive, because the goods of other nations being either excluded or subjected to heavier duties, it takes off a greater quantity of theirs: more advantageous, because the merchants of the favoured country, enjoying a sort of monopoly there, will often sell their goods for a better price than if exposed to the free competition of all other nations.

Such treaties, however, though they may be advantageous to the merchants and manufacturers of the favoured, are necessarily disadvantageous to those of the favouring country. A monopoly is thus

granted against them to a foreign nation; and they must frequently buy the foreign goods they have occasion for, dearer than if the free competition of other nations was admitted. That part of its own produce with which such a nation purchases foreign goods, must consequently be sold cheaper, because when two things are exchanged for one another, the cheapness of the one is a necessary consequence, or rather is the same thing with the dearness of the other. The exchangeable value of its annual produce, therefore, is likely to be diminished by every such treaty. This diminution, however, can scarce amount to any positive loss, but only to a lessening of the gain which it might otherwise make. Though it sells its goods cheaper than it otherwise might do, it will not probably sell them for less than they cost; nor, as in the case of bounties, for a price which will not replace the capital employed in bringing them to market, together with the ordinary profits of stock. The trade could not go on long if it did. Even the favouring country, therefore, may still gain by the trade, though less than if there was a free competition.

Some treaties of commerce, however, have been supposed advantageous upon principles very different from these; and a commercial country has sometimes granted a monopoly of this kind against itself to certain goods of a foreign nation, because it expected that in the whole commerce between them, it would annually sell more than it would buy, and that a balance in gold and silver would be annually

returned to it. It is upon this principle that the treaty of commerce between England and Portugal, concluded in 1703, by Mr. Methuen, has been so much commended. The following is a literal translation of that treaty, which consists of three articles only:—

ART. I.—His sacred royal majesty of Portugal promises, both in his own name, and that of his successors, to admit, for ever hereafter, into Portugal, the woollen cloths, and the rest of the woollen manufactures of the British, as was accustomed, till they were prohibited by the law; nevertheless upon this condition:

ART. II.—That is to say, that her sacred royal majesty of Great Britain shall, in her own name, and that of her successors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain: so that at no time, whether there shall be peace or war between the kingdoms of Britain and France, anything more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wine, deducting or abating a third part of the custom or duty. But if at any time this deduction or abatement of customs, which is to be made as aforesaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for his sacred royal majesty of Portugal, again to prohibit the woollen cloths, *and* the rest of the British woollen manufactures.

ART. III.—The most excellent lords the plenipotentiaries promise and take upon themselves, that their above-named masters shall ratify this treaty; and within the space of two months the ratifications shall be exchanged.

By this treaty the crown of Portugal becomes bound to admit the English woollens upon the same footing as before the prohibition; that is, not to raise the duties which had been paid before that time; but it does not become bound to admit them upon any better terms than those of any other nation, of France or Holland for example. The crown of Great Britain, on the contrary, becomes bound to admit the wines of Portugal, upon paying only two-thirds of the duty, which is paid for those of France, the wines most likely to come into competition with them. So far this treaty, therefore, is evidently advantageous to Portugal, and disadvantageous to Great Britain.

It has been celebrated, however, as a masterpiece of the commercial policy of England. Portugal receives annually from the Brazils a greater quantity of gold than can be employed in its domestic commerce, whether in the shape of coin or of plate. The surplus is too valuable to be allowed to lie idle and locked up in coffers, and as it can find no advantageous market at home, it must, notwithstanding any prohibition, be sent abroad, and exchanged for something for which there is a more advantageous market at home. A large share of it comes annually to England, in return either for English goods, or

for those of other European nations that receive their returns through England. Mr. Baretti was informed that the weekly packet-boat from Lisbon brings, one week with another, more than fifty thousand pounds in gold to England. The sum had probably been exaggerated. It would amount to more than two millions six hundred thousand pounds a year, which is more than the Brazils are supposed to afford.

Our merchants were some years ago out of humour with the crown of Portugal. Some privileges which had been granted them, not by treaty, but by the free grace of that crown, at the solicitation, indeed, it is probable, and in return for much greater favours, defence and protection, from the crown of Great Britain, had been either infringed or revoked. The people, therefore, usually most interested in celebrating the Portugal trade, were then rather disposed to represent it as less advantageous than it had commonly been imagined. The far greater part, almost the whole, they pretended, of this annual importation of gold, was not on account of Great Britain, but of other European nations; the fruits and wines of Portugal annually imported into Great Britain nearly compensating the value of the British goods sent thither.

Let us suppose, however, that the whole was on account of Great Britain, and that it amounted to a still greater sum than Mr. Baretti seems to imagine: this trade would not, upon that account, be more advantageous than any other in which, for the same

value sent out, we received an equal value of consumable goods in return.

It is but a very small part of this importation which, it can be supposed, is employed as an annual addition either to the plate or to the coin of the kingdom. The rest must all be sent abroad and exchanged for consumable goods of some kind or other. But if those consumable goods were purchased directly with the produce of English industry, it would be more for the advantage of England, than first to purchase with that produce the gold of Portugal, and afterwards to purchase with that gold those consumable goods. A direct foreign trade of consumption is always more advantageous than a round-about one; and to bring the same value of foreign goods to the home market requires a much smaller capital in the one way than in the other. If a smaller share of its industry, therefore, had been employed in producing goods fit for the Portugal market, and a greater in producing those fit for the other markets, where those consumable goods for which there is a demand in Great Britain are to be had, it would have been more for the advantage of England. To procure both the gold, which it wants for its own use, and the consumable goods, would, in this way, employ a much smaller capital than at present. There would be a spare capital, therefore, to be employed for other purposes, in exciting an additional quantity of industry, and in raising a greater annual produce.

Though Britain were entirely excluded from the

Portugal trade, it could find very little difficulty in procuring all the annual supplies of gold which it wants, either for the purposes of plate, or of coin, or of foreign trade. Gold, like every other commodity, is always somewhere or another to be got for its value by those who have that value to give for it. The annual surplus of gold in Portugal, besides, would still be sent abroad, and though not carried away by Great Britain, would be carried away by some other nation which would be glad to sell it again for its price, in the same manner as Great Britain does at present. In buying gold of Portugal, indeed, we buy it at the first hand; whereas, in buying it of any other nation, except Spain, we should buy it at the second, and might pay somewhat dearer. This difference, however, would surely be too insignificant to deserve the public attention.

Almost all our gold, it is said, comes from Portugal. With other nations the balance of trade is either against us or not much in our favour. But we should remember, that the more gold we import from one country, the less we must necessarily import from all others. The effectual demand for gold, like that for every other commodity, is in every country limited to a certain quantity. If nine-tenths of this quantity are imported from one country, there remains a tenth only to be imported from all others. The more gold besides that is annually imported from some particular countries, over and above what is requisite for plate and for coin, the more must necessarily be exported to some

others; and the more that most insignificant object of modern policy, the balance of trade, appears to be in our favour with some particular countries, the more it must necessarily appear to be against us with many others.

It was upon this silly notion, however, that England could not subsist without the Portugal trade, that, towards the end of the late war, France and Spain, without pretending either offence or provocation, required the king of Portugal to exclude all British ships from his ports, and for the security of this exclusion, to receive into them French or Spanish garrisons. Had the king of Portugal submitted to those ignominious terms which his brother-in-law the king of Spain proposed to him, Britain would have been freed from a much greater inconveniency than the loss of the Portugal trade, the burden of supporting a very weak ally, so unprovided of everything for his own defence, that the whole power of England, had it been directed to that single purpose, could scarce perhaps have defended him for another campaign. The loss of the Portugal trade would, no doubt, have occasioned a considerable embarrassment to the merchants at that time engaged in it, who might not perhaps have found out, for a year or two, any other equally advantageous method of employing their capitals; and in this would probably have consisted all the inconveniency which England could have suffered from this notable piece of commercial policy.

The great annual importation of gold and silver

is neither for the purpose of plate nor of coin, but of foreign trade. A round-about foreign trade of consumption can be carried on more advantageously by means of these metals than of almost any other goods. As they are the universal instruments of commerce, they are more readily received in turn for all commodities than any other goods; and on account of their small bulk and great value, it costs less to transport them backward and forward from one place to another than almost any other sort of merchandise, and they lose less of their value by being so transported. Of all the commodities, therefore, which are bought in one foreign country, for no other purpose but to be sold or exchanged again for some other goods in another, there are none so convenient as gold and silver. In facilitating all the different round-about foreign trades of consumption which are carried on in Great Britain, consists the principal advantage of the Portugal trade; and though it is not a capital advantage, it is no doubt a considerable one.

That any annual addition which, it can reasonably be supposed, is made either to the plate or to the coin of the kingdom, could require but a very small annual importation of gold and silver, seems evident enough; and though we had no direct trade with Portugal, this small quantity could always, somewhere or another, be very easily got.

Though the goldsmiths' trade be very considerable in Great Britain, the far greater part of the new plate which they annually sell, is made from other

old plate melted down; so that the addition annually made to the whole plate of the kingdom cannot be very great, and could require but a very small annual importation.

It is the same case with the coin. Nobody imagines, I believe, that even the greater part of the annual coinage, amounting, for ten years together, before the late reformation of the gold coin, to upwards of eight hundred thousand pounds a year in gold, was an annual addition to the money before current in the kingdom. In a country where the expense of the coinage is defrayed by the government, the value of the coin, even when it contains its full standard weight of gold and silver, can never be much greater than that of an equal quantity of those metals uncoined, because it requires only the trouble of going to the mint, and the delay perhaps of a few weeks, to procure for any quantity of uncoined gold and silver an equal quantity of those metals in coin. But, in every country, the greater part of the current coin is almost always more or less worn, or otherwise degenerated from its standard. In Great Britain it was, before the late reformation, a good deal so, the gold being more than two per cent. and the silver more than eight per cent. below its standard weight. But if forty-four guineas and a half, containing their full standard weight, a pound weight of gold, could purchase very little more than a pound weight of uncoined gold, forty-four guineas and a half wanting a part of their weight could not purchase a pound weight, and something was to

be added in order to make up the deficiency. The current price of gold bullion at market, therefore, instead of being the same with the mint price, or 46*l.* 14*s.* 6*d.*, was then about 47*l.* 14*s.*, and sometimes about 48*l.* When the greater part of the coin, however, was in this degenerate condition, forty-four guineas and a half, fresh from the mint, would purchase no more goods in the market than any other ordinary guineas, because when they came into the coffers of the merchant, being confounded with other money, they could not afterwards be distinguished without more trouble than the difference was worth. Like other guineas they were worth no more than 46*l.* 14*s.* 6*d.* If thrown into the melting-pot, however, they produced, without any sensible loss, a pound weight of standard gold, which could be sold at any time for between 47*l.* 14*s.* and 48*l.* either in gold or silver, as fit for all the purposes of coin as that which had been melted down. There was an evident profit, therefore, in melting down new-coined money; and it was done so instantaneously that no precaution of government could prevent it. The operations of the mint were upon this account somewhat like the web of Penelope; the work that was done in the day was undone in the night. The mint was employed, not so much in making daily additions to the coin, as in replacing the very best part of it which was daily melted down.

Were the private people, who carry their gold and silver to the mint, to pay themselves for the coinage, it would add to the value of those metals in the

same manner as the fashion does to that of plate. Coined gold and silver would be more valuable than uncoined. The seignorage, if it was not exorbitant, would add to the bullion the whole value of the duty; because, the government having everywhere the exclusive privilege of coining, no coin can come to market cheaper than they think proper to afford it. If the duty was exorbitant indeed, that is, if it was very much above the real value of the labour and expense requisite for coinage, false coiners, both at home and abroad, might be encouraged, by the great difference between the value of bullion and that of coin, to pour in so great a quantity of counterfeit money as might reduce the value of the government money. In France, however, though the seignorage is eight per cent., no sensible inconveniency of this kind is found to arise from it. The dangers to which a false coiner is everywhere exposed, if he lives in the country of which he counterfeits the coin, and to which his agents or correspondents are exposed if he lives in a foreign country, are by far too great to be incurred for the sake of a profit of six or seven per cent.

The seignorage in France raises the value of the coin higher than in proportion to the quantity of pure gold which it contains. Thus, by the edict of January 1726, the mint* price of fine gold of twenty-four carats was fixed at seven hundred and

* See Dictionnaire des Monnoies, tom. ii., article Seigneurage, p. 489, par M. Abot de Bazinghen, Conseiller-Commissaire en la Cour des Monnoies à Paris.—A.

forty livres nine sous and one denier one eleventh, the mark of eight Paris ounces. The gold coin of France, making an allowance for the remedy of the mint, contains twenty-one carats and three-fourths of fine gold, and two carats one-fourth of alloy. The mark of standard gold, therefore, is worth no more than about six hundred and seventy-one livres ten deniers. But in France this mark of standard gold is coined into thirty louis-d'ors of twenty-four livres each, or into seven hundred and twenty livres. The coinage, therefore, increases the value of a mark of standard gold bullion, by the difference between six hundred and seventy-one livres ten deniers, and seven hundred and twenty livres; or by forty-eight livres nineteen sous and two deniers.

A seignorage will, in many cases, take away altogether, and will, in all cases, diminish the profit of melting down the new coin. This profit always arises from the difference between the quantity of bullion which the common currency ought to contain, and that which it actually does contain. If this difference is less than the seignorage, there will be loss instead of profit. If it is equal to the seignorage, there will neither be profit nor loss. If it is greater than the seignorage, there will indeed be some profit, but less than if there was no seignorage. If, before the late reformation of the gold coin, for example, there had been a seignorage of five per cent. upon the coinage, there would have been a loss of three per cent. upon the melting down of the gold coin. If the seignorage had been two per cent.,

there would have been neither profit nor loss. If the seignorage had been one per cent., there would have been a profit, but of one per cent. only instead of two per cent. Wherever money is received by tale, therefore, and not by weight, a seignorage is the most effectual preventive of the melting down of the coin, and, for the same reason, of its exportation. It is the best and heaviest pieces that are commonly either melted down or exported; because it is upon such that the largest profits are made.

The law for the encouragement of the coinage, by rendering it duty-free, was first enacted during the reign of Charles II. for a limited time; and afterwards continued, by different prolongations, till 1769, when it was rendered perpetual. The bank of England, in order to replenish their coffers with money, are frequently obliged to carry bullion to the mint; and it was more for their interest, they probably imagined, that the coinage should be at the expense of the government than at their own. It was, probably, out of complaisance to this great company that the government agreed to render this law perpetual. Should the custom of weighing gold, however, come to be disused, as it is very likely to be on account of its inconveniency; should the gold coin of England come to be received by tale, as it was before the late recoinage, this great company may, perhaps, find that they have upon this, as upon some other occasions, mistaken their own interest not a little.

Before the late recoinage, when the gold currency

of England was two per cent. below its standard weight, as there was no seignorage, it was two per cent. below the value of that quantity of standard gold bullion which it ought to have contained. When this great company, therefore, bought gold bullion in order to have it coined, they were obliged to pay for it two per cent. more than it was worth after the coinage. But if there had been a seignorage of two per cent. upon the coinage, the common gold currency, though two per cent. below its standard weight, would notwithstanding have been equal in value to the quantity of standard gold which it ought to have contained; the value of the fashion compensating in this case the diminution of the weight. They would indeed have had the seignorage to pay, which being two per cent. their loss upon the whole transaction would have been two per cent. exactly the same, but no greater than it actually was.

If the seignorage had been five per cent. and the gold currency only two per cent. below its standard weight, the bank would in this case have gained three per cent. upon the price of the bullion; but as they would have had a seignorage of five per cent. to pay upon the coinage, their loss upon the whole transaction would, in the same manner, have been exactly two per cent.

If the seignorage had been only one per cent. and the gold currency two per cent. below its standard weight, the bank would in this case have lost only one per cent. upon the price of the bullion;

but as they would likewise have had a seignorage of one per cent. to pay, their loss upon the whole transaction would have been exactly two per cent., in the same manner as in all other cases.

If there was a reasonable seignorage, while at the same time the coin contained its full standard weight, as it has done very nearly since the late recoinage, whatever the bank might lose by the seignorage, they would gain upon the price of the bullion; and whatever they might gain upon the price of the bullion, they would lose by the seignorage. They would neither lose nor gain, therefore, upon the whole transaction, and they would in this, as in all the foregoing cases, be exactly in the same situation as if there was no seignorage.

When the tax upon a commodity is so moderate as not to encourage smuggling, the merchant who deals in it, though he advances, does not properly pay the tax, as he gets it back in the price of the commodity. The tax is finally paid by the last purchaser or consumer. But money is a commodity with regard to which every man is a merchant. Nobody buys it but in order to sell it again; and with regard to it there is in ordinary cases no last purchaser or consumer. When the tax upon coinage, therefore, is so moderate as not to encourage false coining, though every body advances the tax, nobody finally pays it; because every body gets it back in the advanced value of the coin.

A moderate seignorage, therefore, would not in any case augment the expense of the bank, or of

any other private persons who carry their bullion to the mint in order to be coined, and the want of a moderate seignorage does not in any case diminish it. Whether there is or is not a seignorage, if the currency contains its full standard weight, the coinage costs nothing to any body, and if it is short of that weight, the coinage must always cost the difference between the quantity of bullion which ought to be contained in it, and that which actually is contained in it.

The government, therefore, when it defrays the expense of coinage, not only incurs some small expense, but loses some small revenue which it might get by a proper duty; and neither the bank nor any other private persons are in the smallest degree benefited by this useless piece of public generosity.

The directors of the bank, however, would probably be unwilling to agree to the imposition of a seignorage upon the authority of a speculation which promises them no gain, but only pretends to insure them from any loss. In the present state of the gold coin, and as long as it continues to be received by weight, they certainly would gain nothing by such a change. But if the custom of weighing the gold coin should ever go into disuse, as it is very likely to do, and if the gold coin should ever fall into the same state of degradation in which it was before the late recoinage, the gain, or more properly the savings of the bank, in consequence of the imposition of a seignorage, would probably be very considerable. The bank of England is the

only company which sends any considerable quantity of bullion to the mint, and the burden of the annual coinage falls entirely, or almost entirely, upon it. If this annual coinage had nothing to do but to repair the unavoidable losses and necessary wear and tear of the coin, it could seldom exceed fifty thousand or at most a hundred thousand pounds. But when the coin is degraded below its standard weight, the annual coinage must, besides this, fill up the large vacuities which exportation and the melting-pot are continually making in the current coin. It was upon this account that during the ten or twelve years immediately preceding the late reformation of the gold coin, the annual coinage amounted at an average to more than eight hundred and fifty thousand pounds. But if there had been a seignorage of four or five per cent. upon the gold coin, it would probably, even in the state in which things then were, have put an effectual stop to the business both of exportation and of the melting-pot. The bank, instead of losing every year about two and a half per cent. upon the bullion which was to be coined into more than eight hundred and fifty thousand pounds, or incurring an annual loss of more than twenty-one thousand two hundred and fifty pounds, would not probably have incurred the tenth part of that loss.

The revenue allotted by parliament for defraying the expense of the coinage is but fourteen thousand pounds a year, and the real expense which it costs the government, or the fees of the officers of the

mint, do not upon ordinary occasions, I am assured, exceed the half of that sum. The saving of so very small a sum, or even the gaining of another which could not well be much larger, are objects too inconsiderable, it may be thought, to deserve the serious attention of government. But the saving of eighteen or twenty thousand pounds a year in case of an event which is not improbable, which has frequently happened before, and which is very likely to happen again, is surely an object which well deserves the serious attention even of so great a company as the bank of England.

Some of the foregoing reasonings and observations might, perhaps, have been more properly placed in those chapters of the first book which treat of the origin and use of money, and of the difference between the real and the nominal price of commodities. But as the law for the encouragement of coinage derives its origin from those vulgar prejudices which have been introduced by the mercantile system, I judged it more proper to reserve them for this chapter. Nothing could be more agreeable to the spirit of that system than a sort of bounty upon the production of money, the very thing which, it supposes, constitutes the wealth of every nation. It is one of its many admirable expedients for enriching the country.

CHAPTER VII.

Of Colonies.

PART FIRST.

Of the Motives for establishing new Colonies.

THE interest which occasioned the first settlement of the different European colonies in America and the West Indies was not altogether so plain and distinct as that which directed the establishment of those of ancient Greece and Rome.

All the different states of ancient Greece possessed, each of them, but a very small territory, and when the people in any one of them multiplied beyond what that territory could easily maintain, a part of them were sent in quest of a new habitation in some remote and distant part of the world; the warlike neighbours who surrounded them on all sides, rendering it difficult for any of them to enlarge very much its territory at home. The colonies of the Dorians resorted chiefly to Italy and Sicily, which, in the times preceding the foundation of Rome, were inhabited by barbarous and uncivilized nations: those of the Ionians and Eolians, the two other great tribes of the Greeks, to Asia Minor and the islands of the Egean Sea, of which the inhabit-

ants seem at that time to have been pretty much in the same state as those of Sicily and Italy. The mother city, though she considered the colony as a child, at all times entitled to great favour and assistance, and owing in return much gratitude and respect, yet considered it as an emancipated child, over whom she pretended to claim no direct authority or jurisdiction. The colony settled its own form of government, enacted its own laws, elected its own magistrates, and made peace or war with its neighbours as an independent state, which had no occasion to wait for the approbation or consent of the mother city. Nothing can be more plain and distinct than the interest which directed every such establishment.

Rome, like most of the other ancient republics, was originally founded upon an Agrarian law, which divided the public territory in a certain proportion among the different citizens who composed the state. The course of human affairs, by marriage, by succession, and by alienation, necessarily deranged this original division, and frequently threw the lands, which had been allotted for the maintenance of many different families, into the possession of a single person. To remedy this disorder, for such it was supposed to be, a law was made, restricting the quantity of land which any citizen could possess to five hundred jugera, about three hundred and fifty English acres. This law, however, though we read of its having been executed upon one or two occasions, was either neglected or evaded, and the ine-

quality of fortunes went on continually increasing. The greater part of the citizens had no land, and without it the manners and customs of those times rendered it difficult for a freeman to maintain his independency. In the present times, though a poor man has no land of his own, if he has a little stock, he may either farm the lands of another, or he may carry on some little retail trade; and if he has no stock, he may find employment either as a country labourer or as an artificer. But among the ancient Romans, the lands of the rich were all cultivated by slaves, who wrought under an overseer, who was likewise a slave; so that a poor freeman had little chance of being employed either as a farmer or as a labourer. All trades and manufactures too, even the retail trade, were carried on by the slaves of the rich for the benefit of their masters, whose wealth, authority and protection made it difficult for a poor freeman to maintain the competition against them. The citizens, therefore, who had no land, had scarce any other means of subsistence but the bounties of the candidates at the annual elections. The tribunes, when they had a mind to animate the people against the rich and the great, put them in mind of the ancient division of lands, and represented that law which restricted this sort of private property as the fundamental law of the republic. The people became clamorous to get land, and the rich and the great, we may believe, were perfectly determined not to give them any part of theirs. To satisfy

them in some measure, therefore, they frequently proposed to send out a new colony. But conquering Rome was, even upon such occasions, under no necessity of turning out her citizens to seek their fortune, if one may say so, through the wide world, without knowing where they were to settle. She assigned them lands generally in the conquered provinces of Italy, where, being within the dominions of the republic, they could never form any independent state; but were at best but a sort of corporation, which, though it had the power of enacting bye-laws for its own government, was at all times subject to the correction, jurisdiction, and legislative authority of the mother city. The sending out a colony of this kind not only gave some satisfaction to the people, but often established a sort of garrison too in a newly-conquered province, of which the obedience might otherwise have been doubtful. A Roman colony, therefore, whether we consider the nature of the establishment itself, or the motives for making it, was altogether different from a Greek one. The words accordingly, which in the original languages denote those different establishments, have very different meanings. The Latin word (*Colonia*) signifies simply a plantation. The Greek word (ἀποικια), on the contrary, signifies a separation of dwelling, a departure from home, a going out of the house. But, though the Roman colonies were in many respects different from the Greek ones, the interest which prompted to esta-

blish them was equally plain and distinct. Both institutions derived their origin either from irresistible necessity, or from clear and evident utility.

The establishment of the European colonies in America and the West Indies arose from no necessity: and though the utility which has resulted from them has been very great, it is not altogether so clear and evident. It was not understood at their first establishment, and was not the motive either of that establishment or of the discoveries which gave occasion to it; and the nature, extent, and limits of that utility are not, perhaps, well understood at this day.

The Venetians, during the fourteenth and fifteenth centuries, carried on a very advantageous commerce in spiceries, and other East India goods, which they distributed among the other nations of Europe. They purchased them chiefly in Egypt, at that time under the dominion of the Mamelukes, the enemies of the Turks, of whom the Venetians were the enemies; and this union of interest, assisted by the money of Venice, formed such a connexion as gave the Venetians almost a monopoly of the trade.

The great profits of the Venetians tempted the avidity of the Portuguese. They had been endeavouring, during the course of the fifteenth century, to find out by sea a way to the countries from which the Moors brought them ivory and gold dust across the Desert. They discovered the Madeiras, the Canaries, the Azores, the Cape de Verd islands, the coast of Guinea, that of Loango, Congo, Angola, and Benguela, and finally, the Cape of Good Hope.

They had long wished to share in the profitable traffic of the Venetians, and this last discovery opened to them a probable prospect of doing so. In 1497, Vasco de Gama sailed from the port of Lisbon with a fleet of four ships, and after a navigation of eleven months, arrived upon the coast of Indostan, and thus completed a course of discoveries which had been pursued with great steadiness, and with very little interruption, for near a century together.

Some years before this, while the expectations of Europe were in suspense about the projects of the Portuguese, of which the success appeared yet to be doubtful, a Genoese pilot formed the yet more daring project of sailing to the East Indies by the West. The situation of those countries was at that time very imperfectly known in Europe. The few European travellers who had been there had magnified the distance; perhaps through simplicity and ignorance, what was really very great, appearing almost infinite to those who could not measure it; or, perhaps, in order to increase somewhat more the marvellous of their own adventures in visiting regions so immensely remote from Europe. The longer the way was by the East, Columbus very justly concluded, the shorter it would be by the West. He proposed, therefore, to take that way, as both the shortest and the surest, and he had the good fortune to convince Isabella of Castile of the probability of his project. He sailed from the port of Palos in August 1492, near five years before the expedition of Vasco de Gama set out from Portugal, and, after a voyage of between

two and three months, discovered first some of the small Bahama or Lucayan islands, and afterwards the great island of St. Domingo.

But the countries which Columbus discovered either in this or in any of his subsequent voyages, had no resemblance to those which he had gone in quest of. Instead of the wealth, cultivation and populousness of China and Indostan, he found, in St. Domingo, and in all the other parts of the new world which he ever visited, nothing but a country quite covered with wood, uncultivated, and inhabited only by some tribes of naked and miserable savages. He was not very willing, however, to believe that they were not the same with some of the countries described by Marco Polo, the first European who had visited, or at least had left behind him any description of China or the East Indies; and a very slight resemblance, such as that which he found between the name of Cibao, a mountain in St. Domingo, and that of Cipango, mentioned by Marco Polo, was frequently sufficient to make him return to this favourite prepossession, though contrary to the clearest evidence. In his letters to Ferdinand and Isabella he called the countries which he had discovered, the Indies. He entertained no doubt but that they were the extremity of those which had been described by Marco Polo, and that they were not very distant from the Ganges, or from the countries which had been conquered by Alexander. Even when at last convinced that they were different, he still flattered himself that those rich countries were at no great distance, and in a subse-

quent voyage, accordingly, went in quest of them along the coast of Terra Firma, and towards the isthmus of Darien.

In consequence of this mistake of Columbus, the name of the Indies has stuck to those unfortunate countries ever since; and when it was at last clearly discovered that the new were altogether different from the old Indies, the former were called the West, in contradistinction to the latter, which were called the East Indies.

It was of importance to Columbus, however, that the countries which he had discovered, whatever they were, should be represented to the court of Spain as of very great consequence; and, in what constitutes the real riches of every country, the animal and vegetable productions of the soil, there was at that time nothing which could well justify such a representation of them.

The Cori, something between a rat and a rabbit, and supposed by Mr. Buffon to be the same with the Aperea of Brazil, was the largest viviparous quadruped in St. Domingo. This species seems never to have been very numerous, and the dogs and cats of the Spaniards are said to have long ago almost entirely extirpated it, as well as some other tribes of a still smaller size. These however, together with a pretty large lizard, called the Ivana or Iguana, constituted the principal part of the animal food which the land afforded.

The vegetable food of the inhabitants, though from their want of industry not very abundant, was

not altogether so scanty. It consisted in Indian corn, yams, potatoes, bananas, &c., plants which were then altogether unknown in Europe, and which have never since been very much esteemed in it, or supposed to yield a sustenance equal to what is drawn from the common sorts of grain and pulse, which have been cultivated in this part of the world time out of mind.

The cotton plant indeed afforded the material of a very important manufacture, and was at that time to Europeans undoubtedly the most valuable of all the vegetable productions of those islands. But though in the end of the fifteenth century the muslins and other cotton goods of the East Indies were much esteemed in every part of Europe, the cotton manufacture itself was not cultivated in any part of it. Even this production, therefore, could not at that time appear in the eyes of Europeans to be of very great consequence.

Finding nothing either in the animals or vegetables of the newly discovered countries, which could justify a very advantageous representation of them, Columbus turned his view towards their minerals; and in the richness of their productions of this third kingdom, he flattered himself he had found a full compensation for the insignificancy of those of the other two. The little bits of gold with which the inhabitants ornamented their dress, and which, he was informed, they frequently found in the rivulets and torrents that fell from the mountains, were sufficient to satisfy him that those mountains abounded with the richest gold mines. St. Domingo, there-

fore, was represented as a country abounding with gold, and, upon that account (according to the prejudices not only of the present times, but of those times), an inexhaustible source of real wealth to the crown and kingdom of Spain. When Columbus, upon his return from his first voyage, was introduced with a sort of triumphal honours to the sovereigns of Castile and Arragon, the principal productions of the countries which he had discovered were carried in solemn procession before him. The only valuable part of them consisted in some little fillets, bracelets, and other ornaments of gold, and in some bales of cotton. The rest were mere objects of vulgar wonder and curiosity; some reeds of an extraordinary size, some birds of a very beautiful plumage, and some stuffed skins of the huge alligator and manati; all of which were preceded by six or seven of the wretched natives, whose singular colour and appearance added greatly to the novelty of the show.

In consequence of the representations of Columbus, the council of Castile determined to take possession of countries of which the inhabitants were plainly incapable of defending themselves. The pious purpose of converting them to Christianity sanctified the injustice of the project. But the hope of finding treasures of gold there, was the sole motive which prompted to undertake it; and to give this motive the greater weight, it was proposed by Columbus that the half of all the gold and silver that should be found there should belong to the crown. This proposal was approved of by the council.

As long as the whole or the greater part of the

gold which the first adventurers imported into Europe was got by so very easy a method as the plundering of the defenceless natives, it was not perhaps very difficult to pay even this heavy tax. But when the natives were once fairly stript of all that they had, which, in St. Domingo, and in all the other countries discovered by Columbus, was done completely in six or eight years, and when in order to find more it had become necessary to dig for it in the mines, there was no longer any possibility of paying this tax. The rigorous exaction of it, accordingly, first occasioned, it is said, the total abandoning of the mines of St. Domingo, which have never been wrought since. It was soon reduced therefore to a third; then to a fifth; afterwards to a tenth; and at last to a twentieth part of the gross produce of the gold mines. The tax upon silver continued for a long time to be a fifth of the gross produce. It was reduced to a tenth only in the course of the present century. But the first adventurers do not appear to have been much interested about silver. Nothing less precious than gold seemed worthy of their attention.

All the other enterprises of the Spaniards in the new world, subsequent to those of Columbus, seem to have been prompted by the same motive. It was the sacred thirst of gold that carried Ojeda, Nicuessa, and Vasco Nugnes de Balboa, to the isthmus of Darien, that carried Cortez to Mexico, and Almagro and Pizarro to Chili and Peru. When those adventurers arrived upon any unknown coast, their

first inquiry was always if there was any gold to be found there; and according to the information which they received concerning this particular, they determined either to quit the country or to settle in it.

Of all those expensive and uncertain projects, however, which bring bankruptcy upon the greater part of the people who engage in them, there is none perhaps more perfectly ruinous than the search after new silver and gold mines. It is perhaps the most disadvantageous lottery in the world, or the one in which the gain of those who draw the prizes bears the least proportion to the loss of those who draw the blanks; for though the prizes are few and the blanks many, the common price of a ticket is the whole fortune of a very rich man. Projects of mining, instead of replacing the capital employed in them, together with the ordinary profits of stock, commonly absorb both capital and profit. They are the projects, therefore, to which of all others a prudent lawgiver, who desired to increase the capital of his nation, would least choose to give any extraordinary encouragement, or to turn towards them a greater share of that capital than what would go to them of its own accord. Such in reality is the absurd confidence which almost all men have in their own good fortune, that wherever there is the least probability of success, too great a share of it is apt to go to them of its own accord.

But though the judgment of sober reason and experience concerning such projects has always been extremely unfavourable, that of human avidity has

commonly been quite otherwise. The same passion which has suggested to so many people the absurd idea of the philosopher's stone, has suggested to others the equally absurd one of immense rich mines of gold and silver. They did not consider that the value of those metals has, in all ages and nations, arisen chiefly from their scarcity, and that their scarcity has arisen from the very small quantities of them which nature has anywhere deposited in one place, from the hard and intractable substances with which she has almost everywhere surrounded those small quantities, and consequently from the labour and expense which are everywhere necessary in order to penetrate to, and get at them. They flattered themselves that veins of those metals might in many places be found as large and as abundant as those which are commonly found of lead, or copper, or tin, or iron. The dream of Sir Walter Raleigh concerning the golden city and country of Eldorado may satisfy us, that even wise men are not always exempt from such strange delusions. More than a hundred years after the death of that great man, the Jesuit Gumila was still convinced of the reality of that wonderful country, and expressed with great warmth, and I dare to say, with great sincerity, how happy he should be to carry the light of the gospel to a people who could so well reward the pious labours of their missionary.

In the countries first discovered by the Spaniards, no gold or silver mines are at present known which are supposed to be worth the working. The quan-

tities of those metals which the first adventurers are said to have found there, had probably been very much magnified, as well as the fertility of the mines which were wrought immediately after the first discovery. What those adventurers were reported to have found, however, was sufficient to inflame the avidity of all their countrymen. Every Spaniard who sailed to America expected to find an Eldorado. Fortune too did upon this what she has done upon very few other occasions. She realized in some measure the extravagant hopes of her votaries, and in the discovery and conquest of Mexico and Peru (of which the one happened about thirty, the other about forty years after the first expedition of Columbus), she presented them with something not very unlike that profusion of the precious metals which they sought for.

A project of commerce to the East Indies, therefore, gave occasion to the first discovery of the West. A project of conquest gave occasion to all the establishments of the Spaniards in those newly discovered countries. The motive which excited them to this conquest, was a project of gold and silver mines; and a course of accidents, which no human wisdom could foresee, rendered this project much more successful than the undertakers had any reasonable grounds for expecting.

The first adventurers of all the other nations of Europe, who attempted to make settlements in America, were animated by the like chimerical views; but they were not equally successful. It was

more than a hundred years after the first settlement of the Brazils before any silver, gold, or diamond mines were discovered there. In the English, French, Dutch, and Danish colonies, none have ever yet been discovered; at least none that are at present supposed to be worth the working. The first English settlers in North America, however, offered a fifth of all the gold and silver which should be found there to the king, as a motive for granting them their patents. In the patents to Sir Walter Raleigh, to the London and Plymouth companies, to the council of Plymouth, &c. this fifth was accordingly reserved to the crown. To the expectation of finding gold and silver mines, those first settlers too joined that of discovering a north-west passage to the East Indies. They have hitherto been disappointed in both.

PART II.

Causes of the Prosperity of new Colonies.

THE colony of a civilized nation which takes possession either of a waste country, or of one so thinly inhabited that the natives easily give place to the new settlers, advances more rapidly to wealth and greatness than any other human society.

The colonists carry out with them a knowledge of agriculture and of other useful arts, superior to what can grow up of its own accord in the course of many centuries among savage and barbarous nations.

They carry out with them too the habit of subordination, some notion of the regular government which takes place in their own country, of the system of laws which supports it, and of a regular administration of justice; and they naturally establish something of the same kind in the new settlement. But among savage and barbarous nations, the natural progress of law and government is still slower than the natural progress of arts, after law and government have been so far established, as is necessary for their protection. Every colonist gets more land than he can possibly cultivate. He has no rent, and scarce any taxes to pay. No landlord shares with him in its produce, and the share of the sovereign is commonly but a trifle. He has every motive to render as great as possible a produce, which is thus to be almost entirely his own. But his land is commonly so extensive, that with all his own industry, and with all the industry of other people whom he can get to employ, he can seldom make it produce the tenth part of what it is capable of producing. He is eager, therefore, to collect labourers from all quarters, and to reward them with the most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him, in order to become landlords themselves, and to reward, with equal liberality, other labourers, who soon leave them for the same reason that they left their first master. The liberal reward of labour encourages marriage. The children, during the tender years of

infancy, are well fed and properly taken care of, and when they are grown up, the value of their labour greatly overpays their maintenance. When arrived at maturity, the high price of labour, and the low price of land, enable them to establish themselves in the same manner as their fathers did before them.

In other countries rent and profit eat up wages, and the two superior orders of people oppress the inferior one. But in new colonies, the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity; at least, where that inferior one is not in a state of slavery. Waste lands, of the greatest natural fertility, are to be had for a trifle. The increase of revenue which the proprietor, who is always the undertaker, expects from their improvement, constitutes his profit; which in these circumstances is commonly very great. But this great profit cannot be made without employing the labour of other people in clearing and cultivating the land; and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies, makes it difficult for him to get this labour. He does not, therefore, dispute about wages, but is willing to employ labour at any price. The high wages of labour encourage population. The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages. In those wages consists almost the whole price of the land; and

though they are high, considered as the wages of labour, they are low, considered as the price of what is so very valuable. What encourages the progress of population and improvement, encourages that of real wealth and greatness.

The progress of many of the ancient Greek colonies towards wealth and greatness seems accordingly to have been very rapid. In the course of a century or two, several of them appear to have rivalled, and even to have surpassed, their mother cities. Syracuse and Agrigentum in Sicily, Tarentum and Locri in Italy, Ephesus and Miletus in Lesser Asia, appear by all accounts to have been at least equal to any of the cities of ancient Greece. Though posterior in their establishment, yet all the arts of refinement, philosophy, poetry, and eloquence, seem to have been cultivated as early, and to have been improved as highly in them, as in any part of the mother country. The schools of the two oldest Greek philosophers, those of Thales and Pythagoras, were established, it is remarkable, not in ancient Greece, but the one in an Asiatic, the other in an Italian colony. All those colonies had established themselves in countries inhabited by savage and barbarous nations, who easily gave place to the new settlers. They had plenty of good land, and as they were altogether independent of the mother city, they were at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

The history of the Roman colonies is by no means

so brilliant. Some of them, indeed, such as Florence, have in the course of many ages, and after the fall of the mother city, grown up to be considerable states. But the progress of no one of them seems ever to have been very rapid. They were all established in conquered provinces, which in most cases had been fully inhabited before. The quantity of land assigned to each colonist was seldom very considerable, and as the colony was not independent, they were not always at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

In the plenty of good land, the European colonies established in America and the West Indies resemble, and even greatly surpass, those of ancient Greece. In their dependency upon the mother state, they resemble those of ancient Rome; but their great distance from Europe has in all of them alleviated more or less the effects of this dependency. Their situation has placed them less in the view and less in the power of their mother country. In pursuing their interest their own way, their conduct has, upon many occasions, been overlooked, either because not known or not understood in Europe; and upon some occasions it has been fairly suffered and submitted to, because their distance rendered it difficult to restrain it. Even the violent and arbitrary government of Spain has, upon many occasions, been obliged to recall or soften the orders which had been given for the government of her colonies, for fear of a general insurrection.

The progress of all the European colonies in wealth, population, and improvement, has accordingly been very great.

The crown of Spain, by its share of the gold and silver, derived some revenue from its colonies, from the moment of their first establishment. It was a revenue too of a nature to excite in human avidity the most extravagant expectation of still greater riches. The Spanish colonies, therefore, from the moment of their first establishment, attracted very much the attention of their mother country; while those of the other European nations were for a long time in a great measure neglected. The former did not, perhaps, thrive the better in consequence of this attention; nor the latter the worse in consequence of this neglect. In proportion to the extent of the country which they in some measure possess, the Spanish colonies are considered as less populous and thriving than those of almost any other European nation. The progress even of the Spanish colonies, however, in population and improvement, has certainly been very rapid and very great. The city of Lima, founded since the conquest, is represented, by Ulloa, as containing fifty thousand inhabitants near thirty years ago. Quito, which had been but a miserable hamlet of Indians, is represented by the same author as in his time equally populous. Gemelli Carreri, a pretended traveller, it is said, indeed, but who seems everywhere to have written upon extreme good information, represents the city of Mexico as contain-

ing a hundred thousand inhabitants; a number which, in spite of all the exaggerations of the Spanish writers, is, probably, more than five times greater than what it contained in the time of Montezuma. These numbers exceed greatly those of Boston, New York, and Philadelphia, the three greatest cities of the English colonies. Before the conquest of the Spaniards there were no cattle fit for draught either in Mexico or Peru. The lama was their only beast of burden, and its strength seems to have been a good deal inferior to that of a common ass. The plough was unknown among them. They were ignorant of the use of iron. They had no coined money, nor any established instrument of commerce of any kind. Their commerce was carried on by barter. A sort of wooden spade was their principal instrument of agriculture. Sharp stones served them for knives and hatchets to cut with; fish bones and the hard sinews of certain animals served them for needles to sew with; and these seem to have been their principal instruments of trade. In this state of things, it seems impossible that either of those empires could have been so much improved or so well cultivated as at present, when they are plentifully furnished with all sorts of European cattle, and when the use of iron, of the plough, and of many of the arts of Europe, has been introduced among them. But the populousness of every country must be in proportion to the degree of its improvement and cultivation. In spite of the cruel de-

struction of the natives which followed the conquest, these two great empires are, probably, more populous now than they ever were before: and the people are surely very different; for we must acknowledge, I apprehend, that the Spanish creoles are in many respects superior to the ancient Indians.

After the settlements of the Spaniards, that of the Portuguese in Brazil is the oldest of any European nation in America. But as, for a long time after the first discovery, neither gold nor silver mines were found in it, and as it afforded, upon that account, little or no revenue to the crown, it was for a long time in a great measure neglected; and during this state of neglect, it grew up to be a great and powerful colony. While Portugal was under the dominion of Spain, Brazil was attacked by the Dutch, who got possession of seven of the fourteen provinces into which it is divided. They expected soon to conquer the other seven, when Portugal recovered its independency by the elevation of the family of Braganza to the throne. The Dutch then, as enemies to the Spaniards, became friends to the Portuguese, who were likewise the enemies of the Spaniards. They agreed therefore to leave that part of Brazil which they had not conquered, to the king of Portugal, who agreed to leave that part which they had conquered to them, as a matter not worth disputing about with such good allies. But the Dutch government soon began to oppress the Portuguese colonists, who, in-

stead of amusing themselves with complaints, took arms against their new masters, and by their own valour and resolution, with the connivance, indeed, but without any avowed assistance from the mother country, drove them out of Brazil. The Dutch therefore, finding it impossible to keep any part of the country to themselves, were contented that it should be entirely restored to the crown of Portugal. In this colony there are said to be more than six hundred thousand people, either Portuguese or descended from Portuguese, creoles, mulattoes, and a mixed race between Portuguese and Brazilians. No one colony in America is supposed to contain so great a number of people of European extraction.

Towards the end of the fifteenth, and during the greater part of the sixteenth century, Spain and Portugal were the two great naval powers upon the ocean; for though the commerce of Venice extended to every part of Europe, its fleets had scarce ever sailed beyond the Mediterranean. The Spaniards, in virtue of the first discovery, claimed all America as their own; and though they could not hinder so great a naval power as that of Portugal from settling in Brazil, such was, at that time, the terror of their name, that the greater part of the other nations of Europe were afraid to establish themselves in any other part of that great continent. The French, who attempted to settle in Florida, were all murdered by the Spaniards. But the declension of the naval power of this latter nation, in consequence of

the defeat or miscarriage of what they called their Invincible Armada, which happened towards the end of the sixteenth century, put it out of their power to obstruct any longer the settlements of the other European nations. In the course of the seventeenth century, therefore, the English, French, Dutch, Danes, and Swedes, all the great nations who had any ports upon the ocean, attempted to make some settlements in the new world.

The Swedes established themselves in New Jersey; and the number of Swedish families still to be found there, sufficiently demonstrates, that this colony was very likely to prosper, had it been protected by the mother country. But being neglected by Sweden, it was soon swallowed up by the Dutch colony of New York, which again, in 1674, fell under the dominion of the English.

The small islands of St. Thomas and Santa Cruz are the only countries in the new world that have ever been possessed by the Danes. These little settlements too were under the government of an exclusive company, which had the sole right, both of purchasing the surplus produce of the colonists, and of supplying them with such goods of other countries as they wanted, and which, therefore, both in its purchases and sales, had not only the power of oppressing them, but the greatest temptation to do so. The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatever. It was not, however, able to stop altogether the progress of

these colonies, though it rendered it more slow and languid. The late king of Denmark dissolved this company, and since that time the prosperity of these colonies has been very great.

The Dutch settlements in the West, as well as those in the East Indies, were originally put under the government of an exclusive company. The progress of some of them, therefore, though it has been considerable in comparison with that of almost any country that has been long peopled and established, has been languid and slow in comparison with that of the greater part of new colonies. The colony of Surinam, though very considerable, is still inferior to the greater part of the sugar colonies of the other European nations. The colony of Nova Belgia, now divided into the two provinces of New York and New Jersey, would probably have soon become considerable too, even though it had remained under the government of the Dutch. The plenty and cheapness of good land are such powerful causes of prosperity, that the very worst government is scarce capable of checking altogether the efficacy of their operation. The great distance too from the mother country would enable the colonists to evade more or less, by smuggling, the monopoly which the company enjoyed against them. At present the company allows all Dutch ships to trade to Surinam upon paying two and a half per cent. upon the value of their cargo for a license; and only reserves to itself exclusively the direct trade from Africa to America, which consists almost entirely in the slave

trade. This relaxation in the exclusive privileges of the company is probably the principal cause of that degree of prosperity which that colony at present enjoys. Curaçoa and Eustatia, the two principal islands belonging to the Dutch, are free ports open to the ships of all nations; and this freedom, in the midst of better colonies whose ports are open to those of one nation only, has been the great cause of the prosperity of those two barren islands.

The French colony of Canada was, during the greater part of the last century, and some part of the present, under the government of an exclusive company. Under so favourable an administration its progress was necessarily very slow in comparison with that of other new colonies; but it became much more rapid when this company was dissolved after the fall of what is called the Mississippi scheme. When the English got possession of this country, they found in it near double the number of inhabitants which father Charlevoix had assigned to it between twenty and thirty years before. That Jesuit had travelled over the whole country, and had no inclination to represent it as less considerable than it really was.

The French colony of St. Domingo was established by pirates and freebooters, who, for a long time, neither required the protection, nor acknowledged the authority of France; and when that race of banditti became so far citizens as to acknowledge this authority, it was for a long time necessary to exercise it with very great gentleness. During this

period the population and improvement of this colony increased very fast. Even the oppression of the exclusive company, to which it was for some time subjected, with all the other colonies of France, though it no doubt retarded, had not been able to stop its progress altogether. The course of its prosperity returned as soon as it was relieved from that oppression. It is now the most important of the sugar colonies of the West Indies, and its produce is said to be greater than that of all the English sugar colonies put together. The other sugar colonies of France are in general all very thriving.

But there are no colonies of which the progress has been more rapid than that of the English in North America.

Plenty of good land, and liberty to manage their own affairs their own way, seem to be the two great causes of the prosperity of all new colonies.

In the plenty of good land the English colonies of North America, though, no doubt, very abundantly provided, are, however, inferior to those of the Spaniards and Portuguese, and not superior to some of those possessed by the French before the late war. But the political institutions of the English colonies have been more favourable to the improvement and cultivation of this land, than those of any of the other three nations.

First, the engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law which imposes upon

every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure, declares those neglected lands grantable to any other person; though it has not, perhaps, been very strictly executed, has, however, had some effect.

Secondly, in Pennsylvania there is no right of primogeniture, and lands, like moveables, are divided equally among all the children of the family. In three of the provinces of New England the oldest has only a double share, as in the Mosaical law. Though in those provinces, therefore, too great a quantity of land should sometimes be engrossed by a particular individual, it is likely, in the course of a generation or two, to be sufficiently divided again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England. But in all the English colonies the tenure of the lands, which are all held by free socage, facilitates alienation, and the grantee of any extensive tract of land generally finds it for his interest to alienate, as fast as he can, the greater part of it, reserving only a small quit-rent. In the Spanish and Portuguese colonies, what is called the right of Majorazzo* takes place in the succession of all those great estates to which any title of honour is annexed. Such estates go all to one person, and are in effect entailed and unalienable. The French colonies, indeed, are subject to the custom of Paris, which, in the inheritance of land, is much more favourable to

* Jus Majoratus.—A.

the younger children than the law of England. But, in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, subject to the right of redemption, either by the heir of the superior or by the heir of the family; and all the largest estates of the country are held by such noble tenures, which necessarily embarrass alienation. But, in a new colony, a great uncultivated estate is likely to be much more speedily divided by alienation than by succession. The plenty and cheapness of good land, it has already been observed, are the principal causes of the rapid prosperity of new colonies. The engrossing of land, in effect, destroys this plenty and cheapness. The engrossing of uncultivated land, besides, is the greatest obstruction to its improvement. But the labour that is employed in the improvement and cultivation of land affords the greatest and most valuable produce to the society. The produce of labour, in this case, pays not only its own wages, and the profit of the stock which employs it, but the rent of the land too upon which it is employed. The labour of the English colonists, therefore, being more employed in the improvement and cultivation of land, is likely to afford a greater and more valuable produce, than that of any of the other three nations, which, by the engrossing of land, is more or less diverted towards other employments.

Thirdly, the labour of the English colonists is not only likely to afford a greater and more valuable

produce, but, in consequence of the moderation of their taxes, a greater proportion of this produce belongs to themselves, which they may store up and employ in putting into motion a still greater quantity of labour. The English colonists have never yet contributed anything towards the defence of the mother country, or towards the support of its civil government. They themselves, on the contrary, have hitherto been defended almost entirely at the expense of the mother country. But the expense of fleets and armies is out of all proportion greater than the necessary expense of civil government. The expense of their own civil government has always been very moderate. It has generally been confined to what was necessary for paying competent salaries to the governor, to the judges, and to some other officers of police, and for maintaining a few of the most useful public works. The expense of the civil establishment of Massachusett's Bay, before the commencement of the present disturbances, used to be but about 18,000*l.* a year. That of New Hampshire and Rhode Island 3500*l.* each. That of Connecticut 4000*l.* That of New York and Pennsylvania 4500*l.* each. That of New Jersey 1200*l.* That of Virginia and South Carolina 8000*l.* each. The civil establishments of Nova Scotia and Georgia are partly supported by an annual grant of parliament. But Nova Scotia pays, besides, about 7000*l.* a year towards the public expenses of the colony; and Georgia about 2500*l.* a year. All the different civil establishments in North America, in short, ex-

sive of those of Maryland and North Carolina, which no exact account has been got, did not, ore the commencement of the present disturb-es, cost the inhabitants above 64,700*l.* a year; ever-memorable example at how small an expense ee millions of people may not only be governed, well governed. The most important part of the ense of government, indeed, that of defence and tection, has constantly fallen upon the mother ntry. The ceremonial too of the civil govern-nt in the colonies, upon the reception of a new vernor, upon the opening of a new assembly, &c., ugh sufficiently decent, is not accompanied with expensive pomp or parade. Their ecclesiastical vernment is conducted upon a plan equally frugal. hes are unknown among them; and their clergy, o are far from being numerous, are maintained ner by moderate stipends, or by the voluntary con-utions of the people. The power of Spain and rtugal, on the contrary, derives some support from taxes levied upon their colonies. France, in-d, has never drawn any considerable revenue m its colonies, the taxes which it levies upon them ng generally spent among them. But the colony vernment of all these three nations is conducted on a much more expensive plan, and is accom-nied with a much more expensive ceremonial. e sums spent upon the reception of a new viceroy Peru, for example, have frequently been enor-us. Such ceremonials are not only real taxes d by the rich colonists upon those particular oc-

casions, but they serve to introduce among them the habit of vanity and expense upon all other occasions. They are not only very grievous occasional taxes, but they contribute to establish perpetual taxes of the same kind still more grievous; the ruinous taxes of private luxury and extravagance. In the colonies of all those three nations too the ecclesiastical government is extremely oppressive. Tithes take place in all of them, and are levied with the utmost rigour in those of Spain and Portugal. All of them besides are oppressed with a numerous race of mendicant friars, whose beggary being not only licensed, but consecrated by religion, is a most grievous tax upon the poor people, who are most carefully taught that it is a duty to give, and a very great sin to refuse them their charity. Over and above all this, the clergy are, in all of them, the greatest engrossers of land.

Fourthly, in the disposal of their surplus produce, or of what is over and above their own consumption, the English colonies have been more favoured, and have been allowed a more extensive market, than those of any other European nation. Every European nation has endeavoured more or less to monopolize to itself the commerce of its colonies, and, upon that account, has prohibited the ships of foreign nations from trading to them, and has prohibited them from importing European goods from any foreign nation. But the manner in which this monopoly has been exercised in different nations has been very different.

Some nations have given up the whole commerce of their colonies to an exclusive company, of whom the colonies were obliged to buy all such European goods as they wanted, and to whom they were obliged to sell the whole of their own surplus produce. It was the interest of the company, therefore, not only to sell the former as dear, and to buy the latter as cheap as possible, but to buy no more of the latter, even at this low price, than what they could dispose of for a very high price in Europe. It was their interest not only to degrade in all cases the value of the surplus produce of the colony, but in many cases to discourage and keep down the natural increase of its quantity. Of all the expedients that can well be contrived to stunt the natural growth of a new colony, that of an exclusive company is undoubtedly the most effectual. This, however, has been the policy of Holland, though their company, in the course of the present century, has given up in many respects the exertion of their exclusive privilege. This too was the policy of Denmark till the reign of the late king. It has occasionally been the policy of France, and of late, since 1755, after it had been abandoned by all other nations, on account of its absurdity, it has become the policy of Portugal with regard at least to two of the principal provinces of Brazil, Pernambuco and Maranhan.

Other nations, without establishing an exclusive company, have confined the whole commerce of their colonies to a particular port of the mother country, from whence no ship was allowed to sail, but either

in a fleet and at a particular season, or, if single, in consequence of a particular licence, which in most cases was very well paid for. This policy opened, indeed, the trade of the colonies to all the natives of the mother country, provided they traded from the proper port, at the proper season, and in the proper vessels. But as all the different merchants, who joined their stocks in order to fit out those licensed vessels, would find it for their interest to act in concert, the trade which was carried on in this manner would necessarily be conducted very nearly upon the same principles as that of an exclusive company. The profit of those merchants would be almost equally exorbitant and oppressive. The colonies would be ill supplied, and would be obliged both to buy very dear, and to sell very cheap. This, however, till within these few years, had always been the policy of Spain, and the price of all European goods, accordingly, is said to have been enormous in the Spanish West Indies. At Quito, we are told by Ulloa, a pound of iron sold for about four and sixpence, and a pound of steel for about six and ninepence sterling. But it is chiefly in order to purchase Enropean goods, that the colonies part with their own produce. The more, therefore, they pay for the one, the less they really get for the other, and the dearness of the one is the same thing with the cheapness of the other. The policy of Portugal is in this respect the same as the ancient policy of Spain, with regard to all its colonies, except Pernambuco and Maranhan, and with regard to these it has lately adopted a still worse.

Other nations leave the trade of their colonies free to all their subjects, who may carry it on from all the different ports of the mother country, and who have occasion for no other licence than the common dispatches of the custom-house. In this case the number and dispersed situation of the different traders renders it impossible for them to enter into any general combination, and their competition is sufficient to hinder them from making very exorbitant profits. Under so liberal a policy the colonies are enabled both to sell their own produce and to buy the goods of Europe at a reasonable price. But since the dissolution of the Plymouth company, when our colonies were but in their infancy, this has always been the policy of England. It has generally too been that of France, and has been uniformly so since the dissolution of what, in England, is commonly called their Mississippi company. The profits of the trade, therefore, which France and England carry on with their colonies, though no doubt somewhat higher than if the competition were free to all other nations, are, however, by no means exorbitant; and the price of European goods accordingly is not extravagantly high in the greater part of the colonies of either of those nations.

In the exportation of their own surplus produce too, it is only with regard to certain commodities that the colonies of Great Britain are confined to the market of the mother country. These commodities having been enumerated in the act of navigation and in some other subsequent acts, have upon

that account been called *enumerated commodities*. The rest are called *non-enumerated*; and may be exported directly to other countries, provided it is in British or Plantation ships, of which the owners and three-fourths of the mariners are British subjects.

Among the non-enumerated commodities are some of the most important productions of America and the West Indies; grain of all sorts, lumber, salt provisions, fish, sugar, and rum.

Grain is naturally the first and principal object of the culture of all new colonies. By allowing them a very extensive market for it, the law encourages them to extend this culture much beyond the consumption of a thinly inhabited country, and thus to provide beforehand an ample subsistence for a continually increasing population.

In a country quite covered with wood, where timber consequently is of little or no value, the expense of clearing the ground is the principal obstacle to improvement. By allowing the colonies a very extensive market for their lumber, the law endeavours to facilitate improvement by raising the price of a commodity which would otherwise be of little value, and thereby enabling them to make some profit of what would otherwise be mere expense.

In a country neither half-peopled nor half-cultivated, cattle naturally multiply beyond the consumption of the inhabitants, and are often upon that account of little or no value. But it is necessary, it has already been shown, that the price of cattle should bear a certain proportion to that of

corn, before the greater part of the lands of any country can be improved. By allowing to American cattle, in all shapes, dead and alive, a very extensive market, the law endeavours to raise the value of a commodity of which the high price is so very essential to improvement. The good effects of this liberty, however, must be somewhat diminished by the 4th of George III. c. 15, which puts hides and skins among the enumerated commodities, and thereby tends to reduce the value of American cattle.

To increase the shipping and naval power of Great Britain, by the extension of the fisheries of our colonies, is an object which the legislature seems to have had almost constantly in view. Those fisheries, upon this account, have had all the encouragement which freedom can give them, and they have flourished accordingly. The New England fishery in particular was, before the late disturbances, one of the most important, perhaps, in the world. The whale-fishery, which, notwithstanding an extravagant bounty, is in Great Britain carried on to so little purpose, that in the opinion of many people (which I do not, however, pretend to warrant) the whole produce does not much exceed the value of the bounties which are annually paid for it, is in New England carried on without any bounty to a very great extent. Fish is one of the principal articles with which the North Americans trade to Spain, Portugal, and the Mediterranean.

Sugar was originally an enumerated commodity

which could be exported only to Great Britain. But in 1731, upon a representation of the sugar-planters, its exportation was permitted to all parts of the world. The restrictions, however, with which this liberty was granted, joined to the high price of sugar in Great Britain, have rendered it, in a great measure, ineffectual. Great Britain and her colonies still continue to be almost the sole market for all the sugar produced in the British plantations. Their consumption increases so fast, that, though in consequence of the increasing improvement of Jamaica, as well as of the Ceded Islands, the importation of sugar has increased very greatly within these twenty years, the exportation to foreign countries is said to be not much greater than before.

Rum is a very important article in the trade which the Americans carry on to the coast of Africa, from which they bring back negro slaves in return.

If the whole surplus produce of America in grain of all sorts, in salt provisions, and in fish, had been put into the enumeration, and thereby forced into the market of Great Britain, it would have interfered too much with the produce of the industry of our own people. It was probably not so much from any regard to the interest of America, as from a jealousy of this interference, that those important commodities have not only been kept out of the enumeration, but that the importation into Great Britain of all grain, except rice, and of all salt provisions, has, in the ordinary state of the law, been prohibited.

The non-enumerated commodities could origi-

nally be exported to all parts of the world. Lumber and rice, having been once put into the enumeration, when they were afterwards taken out of it, were confined, as to the European market, to the countries that lie south of Cape Finisterre. By the 6th of George III. c. 52, all non-enumerated commodities were subjected to the like restriction. The parts of Europe which lie south of Cape Finisterre, are not manufacturing countries, and we were less jealous of the colony ships carrying home from them any manufactures which could interfere with our own.

The enumerated commodities are of two sorts: first, such as are either the peculiar produce of America, or as cannot be produced, or at least are not produced, in the mother country. Of this kind are, melasses, coffee, cocoa-nuts, tobacco, pimento, ginger, whale-fins, raw silk, cotton-wool, beaver, and other peltry of America, indigo, fustic, and other dyeing woods: secondly, such as are not the peculiar produce of America, but which are and may be produced in the mother country, though not in such quantities as to supply the greater part of her demand, which is principally supplied from foreign countries. Of this kind are all naval stores, masts, yards, and bowsprits, tar, pitch, and turpentine, pig and bar iron, copper ore, hides and skins, pot and pearl ashes. The largest importation of commodities of the first kind could not discourage the growth, or interfere with the sale, of any part of the produce of the mother country. By confining them to the home market, our merchants, it was expected, would not

only be enabled to buy them cheaper in the Plantations, and consequently to sell them with a better profit at home, but to establish between the Plantations and foreign countries an advantageous carrying trade, of which Great Britain was necessarily to be the centre or emporium, as the European country into which those commodities were first to be imported. The importation of commodities of the second kind might be so managed too, it was supposed, as to interfere, not with the sale of those of the same kind which were produced at home, but with that of those which were imported from foreign countries; because, by means of proper duties, they might be rendered always somewhat dearer than the former, and yet a good deal cheaper than the latter. By confining such commodities to the home market, therefore, it was proposed to discourage the produce, not of Great Britain, but of some foreign countries with which the balance of trade was believed to be unfavourable to Great Britain.

The prohibition of exporting from the colonies, to any other country but Great Britain, masts, yards, and bowsprits, tar, pitch, and turpentine, naturally tended to lower the price of timber in the colonies, and consequently to increase the expense of clearing their lands, the principal obstacle to their improvement. But about the beginning of the present century, in 1703, the pitch and tar company of Sweden endeavoured to raise the price of their commodities to Great Britain, by prohibiting their exportation, except in their own ships, at their own

price, and in such quantities as they thought proper. In order to counteract this notable piece of mercantile policy, and to render herself as much as possible independent, not only of Sweden, but of all the other northern powers, Great Britain gave a bounty upon the importation of naval stores from America, and the effect of this bounty was to raise the price of timber in America, much more than the confinement to the home market could lower it; and as both regulations were enacted at the same time, their joint effect was rather to encourage than to discourage the clearing of land in America.

Though pig and bar iron too have been put among the enumerated commodities, yet as, when imported from America, they are exempted from considerable duties to which they are subject when imported from any other country, the one part of the regulation contributes more to encourage the erection of furnaces in America, than the other to discourage it. There is no manufacture which occasions so great a consumption of wood as a furnace, or which can contribute so much to the clearing of a country overgrown with it.

The tendency of some of these regulations to raise the value of timber in America, and thereby to facilitate the clearing of the land, was neither, perhaps, intended nor understood by the legislature. Though their beneficial effects, however, have been in this respect accidental, they have not upon that account been less real.

The most perfect freedom of trade is permitted

between the British colonies of America and the West Indies, both in the enumerated and in the non-enumerated commodities. Those colonies are now become so populous and thriving, that each of them finds in some of the others a great and extensive market for every part of its produce. All of them taken together, they make a great internal market for the produce of one another.

The liberality of England, however, towards the trade of her colonies has been confined chiefly to what concerns the market for their produce, either in its rude state, or in what may be called the very first stage of manufacture. The more advanced or more refined manufactures even of the colony produce, the merchants and manufacturers of Great Britain choose to reserve to themselves, and have prevailed upon the legislature to prevent their establishment in the colonies, sometimes by high duties, and sometimes by absolute prohibitions.

While, for example, Muskovado sugars from the British plantations pay upon importation only 6*s.* 4*d.* the hundred weight; white sugars pay 1*l.* 1*s.* 1*d.*; and refined, either double or single, in loaves, 4*l.* 2*s.* $5\frac{8}{10}d.$ When those high duties were imposed, Great Britain was the sole, and she still continues to be the principal, market to which the sugars of the British colonies could be exported. They amounted, therefore, to a prohibition, at first of claying or refining sugar for any foreign market, and at present of claying or refining it for the market, which takes off, perhaps, more than nine-tenths

of the whole produce. The manufacture of claying or refining sugar accordingly, though it has flourished in all the sugar colonies of France, has been little cultivated in any of those of England, except for the market of the colonies themselves. While Grenada was in the hands of the French, there was a refinery of sugar, by claying at least, upon almost every plantation. Since it fell into those of the English, almost all works of this kind have been given up, and there are at present, October 1773, I am assured, not above two or three remaining in the island. At present, however, by an indulgence of the custom-house, clayed or refined sugar, if reduced from loaves into powder, is commonly imported as Muskovado.

While Great Britain encourages in America the manufactures of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, she imposes an absolute prohibition upon the erection of steel furnaces and slit-mills in any of her American plantations. She will not suffer her colonies to work in those more refined manufactures even for their own consumption; but insists upon their purchasing of her merchants and manufacturers all goods of this kind which they have occasion for.

She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback, or in a cart, of hats, of wools and woollen goods, of the produce of America; a regulation which effectually prevents the establishment

of any manufacture of such commodities for distant sale, and confines the industry of her colonists in this way to such coarse and household manufactures, as a private family commonly makes for its own use, or for that of some of its neighbours in the same province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind. Unjust, however, as such prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is still so cheap, and, consequently, labour so dear among them, that they can import from the mother country almost all the more refined or more advanced manufactures cheaper than they could make them for themselves. Though they had not, therefore, been prohibited from establishing such manufactures, yet in their present state of improvement, a regard to their own interest would, probably, have prevented them from doing so. In their present state of improvement, those prohibitions, perhaps, without cramping their industry, or restraining it from any employment to which it would have gone of its own accord, are only impertinent badges of slavery imposed upon them, without any sufficient reason, by the groundless jealousy of the merchants and manufacturers of the mother country. In a more advanced state they might be really oppressive and insupportable.

Great Britain too, as she confines to her own market some of the most important productions of the colonies, so in compensation she gives to some of them an advantage in that market; sometimes by imposing higher duties upon the like productions when imported from other countries, and sometimes by giving bounties upon their importation from the colonies. In the first way she gives an advantage in the home market to the sugar, tobacco, and iron of her own colonies, and in the second to their raw silk, to their hemp and flax, to their indigo, to their naval stores, and to their building-timber. This second way of encouraging the colony produce by bounties upon importation, is, so far as I have been able to learn, peculiar to Great Britain. The first is not. Portugal does not content herself with imposing higher duties upon the importation of tobacco from any other country, but prohibits it under the severest penalties.

With regard to the importation of goods from Europe, England has likewise dealt more liberally with her colonies than any other nation.

Great Britain allows a part, almost always the half, generally a larger portion, and sometimes the whole of the duty which is paid upon the importation of foreign goods, to be drawn back upon their exportation to any foreign country. No independent foreign country, it was easy to foresee, would receive them if they came to it loaded with the heavy duties to which almost all foreign goods are subjected on their importation into Great Britain.

Unless, therefore, some part of those duties was drawn back upon exportation, there was an end of the carrying trade; a trade so much favoured by the mercantile system.

Our colonies, however, are by no means independent foreign countries; and Great Britain having assumed to herself the exclusive right of supplying them with all goods from Europe, might have forced them (in the same manner as other countries have done their colonies) to receive such goods loaded with all the same duties which they paid in the mother country. But, on the contrary, till 1763, the same drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies as to any independent foreign country. In 1763, indeed, by the 4th of Geo. III. c. 15, this indulgence was a good deal abated, and it was enacted, "That no part of the duty called the old subsidy should be drawn back for any goods of the growth, production, or manufacture of Europe or the East Indies, which should be exported from this kingdom to any British colony or plantation in America; wines, white calicoes, and muslins excepted." Before this law, many different sorts of foreign goods might have been bought cheaper in the plantations than in the mother country; and some may still.

Of the greater part of the regulations concerning the colony trade, the merchants who carry it on, it must be observed, have been the principal advisers. We must not wonder, therefore, if, in the greater part of them, their interest has been more con-

sidered than either that of the colonies or that of the mother country. In their exclusive privilege of supplying the colonies with all the goods which they wanted from Europe, and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home, the interest of the colonies was sacrificed to the interest of those merchants. In allowing the same drawbacks upon the re-exportation of the greater part of European and East India goods to the colonies, as upon their re-exportation to any independent country, the interest of the mother country was sacrificed to it, even according to the mercantile ideas of that interest. It was for the interest of the merchants to pay as little as possible for the foreign goods which they sent to the colonies, and, consequently, to get back as much as possible of the duties which they advanced upon their importation into Great Britain. They might thereby be enabled to sell in the colonies either the same quantity of goods with a greater profit, or a greater quantity with the same profit, and, consequently, to gain something either in the one way or the other. It was, likewise, for the interest of the colonies to get all such goods as cheap and in as great abundance as possible. But this might not always be for the interest of the mother country. She might frequently suffer both in her revenue, by giving back a great part of the duties which had been paid upon the importation of such goods; and in her manufactures, by being undersold

in the colony market, in consequence of the easy terms upon which foreign manufactures could be carried thither by means of those drawbacks. The progress of the linen manufacture of Great Britain, it is commonly said, has been a good deal retarded by the drawbacks upon the re-exportation of German linen to the American colonies.

But though the policy of Great Britain with regard to the trade of her colonies has been dictated by the same mercantile spirit as that of other nations, it has, however, upon the whole, been less illiberal and oppressive than that of any of them.

In every thing, except their foreign trade, the liberty of the English colonists to manage their own affairs their own way is complete. It is in every respect equal to that of their fellow-citizens at home, and is secured in the same manner, by an assembly of the representatives of the people, who claim the sole right of imposing taxes for the support of the colony government. The authority of this assembly overawes the executive power, and neither the meanest nor the most obnoxious colonist, as long as he obeys the law, has any thing to fear from the resentment, either of the governor, or of any other civil or military officer in the province. The colony assemblies, though, like the house of commons in England, they are not always a very equal representation of the people, yet they approach more nearly to that character; and as the executive power either has not the means to corrupt them, or, on account of the support which it receives from

the mother country, is not under the necessity of doing so, they are perhaps in general more influenced by the inclinations of their constituents. The councils, which, in the colony legislatures, correspond to the house of lords in Great Britain, are not composed of an hereditary nobility. In some of the colonies, as in three of the governments of New England, those councils are not appointed by the king, but chosen by the representatives of the people. In none of the English colonies is there any hereditary nobility. In all of them, indeed, as in all other free countries, the descendant of an old colony family is more respected than an upstart of equal merit and fortune: but he is only more respected, and he has no privileges by which he can be troublesome to his neighbours. Before the commencement of the present disturbances, the colony assemblies had not only the legislative, but a part of the executive power. In Connecticut and Rhode Island, they elected the governor. In the other colonies they appointed the revenue officers who collected the taxes imposed by those respective assemblies, to whom those officers were immediately responsible. There is more equality, therefore, among the English colonists than among the inhabitants of the mother country. Their manners are more republican, and their governments, those of three of the provinces of New England in particular, have hitherto been more republican too.

The absolute governments of Spain, Portugal, and France, on the contrary, take place in their

colonies; and the discretionary powers which such governments commonly delegate to all their inferior officers are, on account of the great distance, naturally exercised there with more than ordinary violence. Under all absolute governments there is more liberty in the capital than in any other part of the country. The sovereign himself can never have either interest or inclination to pervert the order of justice, or to oppress the great body of the people. In the capital his presence over-awes, more or less, all his inferior officers, who in the remoter provinces, from whence the complaints of the people are less likely to reach him, can exercise their tyranny with much more safety. But the European colonies in America are more remote than the most distant provinces of the greatest empires which had ever been known before. The government of the English colonies is perhaps the only one which, since the world began, could give perfect security to the inhabitants of so very distant a province. The administration of the French colonies, however, has always been conducted with more gentleness and moderation than that of the Spanish and Portuguese. This superiority of conduct is suitable both to the character of the French nation, and to what forms the character of every nation, the nature of their government, which, though arbitrary and violent in comparison with that of Great Britain, is legal and free in comparison with those of Spain and Portugal.

It is in the progress of the North American colo-

nies, however, that the superiority of the English policy chiefly appears. The progress of the sugar colonies of France has been at least equal, perhaps superior, to that of the greater part of those of England; and yet the sugar colonies of England enjoy a free government nearly of the same kind with that which takes place in her colonies of North America. But the sugar colonies of France are not discouraged, like those of England, from refining their own sugar; and, what is of still greater importance, the genius of their government naturally introduces a better management of their negro slaves.

In all European colonies the culture of the sugar-cane is carried on by negro slaves. The constitution of those who have been born in the temperate climate of Europe, could not, it is supposed, support the labour of digging the ground under the burning sun of the West Indies; and the culture of the sugar-cane, as it is managed at present, is all hand labour, though, in the opinion of many, the drill-plough might be introduced into it with great advantage. But, as the profit and success of the cultivation which is carried on by means of cattle, depend very much upon the good management of those cattle; so the profit and success of that which is carried on by slaves, must depend equally upon the good management of those slaves; and in the good management of their slaves the French planters, I think it is generally allowed, are superior to the English. The law, so far as it gives some weak protection to the slave against the violence of his master, is likely to be

better executed in a colony where the government is in a great measure arbitrary, than in one where it is altogether free. In every country where the unfortunate law of slavery is established, the magistrate, when he protects the slave, intermeddles in some measure in the management of the private property of the master; and, in a free country, where the master is perhaps either a member of the colony assembly, or an elector of such a member, he dare not do this but with the greatest caution and circumspection. The respect which he is obliged to pay to the master, renders it more difficult for him to protect the slave. But in a country where the government is in a great measure arbitrary, where it is usual for the magistrate to intermeddle even in the management of the private property of individuals, and to send them, perhaps, a lettre de cachet if they do not manage it according to his liking, it is much easier for him to give some protection to the slave; and common humanity naturally disposes him to do so. The protection of the magistrate renders the slave less contemptible in the eyes of his master, who is thereby induced to consider him with more regard, and to treat him with more gentleness. Gentle usage renders the slave not only more faithful, but more intelligent, and therefore, upon a double account, more useful. He approaches more to the condition of a free servant, and may possess some degree of integrity and attachment to his master's interest, virtues which frequently belong to free servants, but which never can belong to a slave who

is treated as slaves commonly are in countries where the master is perfectly free and secure.

That the condition of a slave is better under an arbitrary than under a free government, is, I believe, supported by the history of all ages and nations. In the Roman history, the first time we read of the magistrate interposing to protect the slave from the violence of his master, is under the emperors. When Vedius Pollio, in the presence of Augustus, ordered one of his slaves, who had committed a slight fault, to be cut into pieces, and thrown into his fish-pond in order to feed his fishes, the emperor commanded him, with indignation, to emancipate immediately, not only that slave, but all the others that belonged to him. Under the republic no magistrate could have had authority enough to protect the slave, much less to punish the master.

The stock, it is to be observed, which has improved the sugar colonies of France, particularly the great colony of St. Domingo, has been raised almost entirely from the gradual improvement and cultivation of those colonies. It has been almost altogether the produce of the soil and of the industry of the colonists, or, what comes to the same thing, the price of that produce gradually accumulated by good management, and employed in raising a still greater produce. But the stock which has improved and cultivated the sugar colonies of England, has, a great part of it, been sent out from England, and has by no means been altogether the produce of the soil and industry of the

colonists. The prosperity of the English sugar colonies has been, in a great measure, owing to the great riches of England, of which a part has overflowed, if one may say so, upon those colonies. But the prosperity of the sugar colonies of France has been entirely owing to the good conduct of the colonists, which must therefore have had some superiority over that of the English; and this superiority has been remarked in nothing so much as in the good management of their slaves.

Such have been the general outlines of the policy of the different European nations with regard to their colonies.

The policy of Europe, therefore, has very little to boast of, either in the original establishment, or, so far as concerns their internal government, in the subsequent prosperity of the colonies of America.

Folly and injustice seem to have been the principles which presided over, and directed the first project of establishing those colonies; the folly of hunting after gold and silver mines, and the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first adventurers with every mark of kindness and hospitality.

The adventurers, indeed, who formed some of the later establishments, joined to the chimerical project of finding gold and silver mines, other motives more reasonable and more laudable; but

even these motives did very little honour to the policy of Europe.

The English puritans, restrained at home, fled for freedom to America, and established there the four governments of New England. The English catholics, treated with much greater injustice, established that of Maryland; the Quakers, that of Pennsylvania. The Portuguese Jews, persecuted by the inquisition, stript of their fortunes, and banished to Brazil, introduced, by their example, some sort of order and industry among the transported felons and strumpets, by whom that colony was originally peopled, and taught them the culture of the sugar-cane. Upon all these different occasions it was, not the wisdom and policy, but the disorder and injustice of the European governments, which peopled and cultivated America.

In effectuating some of the most important of these establishments, the different governments of Europe had as little merit as in projecting them. The conquest of Mexico was the project, not of the council of Spain, but of a governor of Cuba; and it was effectuated by the spirit of the bold adventurer to whom it was entrusted, in spite of every thing which that governor, who soon repented of having trusted such a person, could do to thwart it. The conquerors of Chili and Peru, and of almost all the other Spanish settlements upon the continent of America, carried out with them no other public encouragement, but a general permission to make settlements and conquests in the name of the king of Spain. Those adventures were

all at the private risk and expense of the adventurers. The government of Spain contributed scarce anything to any of them. That of England contributed as little towards effectuating the establishment of some of its most important colonies in North America.

When those establishments were effectuated, and had become so considerable as to attract the attention of the mother country, the first regulations which she made with regard to them had always in view to secure to herself the monopoly of their commerce; to confine their market, and to enlarge her own at their expense, and, consequently, rather to damp and discourage, than to quicken and forward the course of their prosperity. In the different ways in which this monopoly has been exercised, consists one of the most essential differences in the policy of the different European nations with regard to their colonies. The best of them all, that of England, is only somewhat less illiberal and oppressive than that of any of the rest.

In what way, therefore, has the policy of Europe contributed either to the first establishment, or to the present grandeur of the colonies of America? In one way, and in one way only, it has contributed a good deal. *Magna virûm mater!* It bred and formed the men who were capable of achieving such great actions, and of laying the foundation of so great an empire; and there is no other quarter of the world of which the policy is capable of forming, or has ever actually and in fact formed such men. The colonies owe to the policy of Europe

the education and great views of their active and enterprising founders; and some of the greatest and most important of them, so far as concerns their internal government, owe to it scarce anything else.

PART THIRD.

Of the Advantages which Europe has derived from the Discovery of America, and from that of a Passage to the East Indies by the Cape of Good Hope.

SUCH are the advantages which the colonies of America have derived from the policy of Europe.

What are those which Europe has derived from the discovery and colonization of America?

Those advantages may be divided, first, into the general advantages which Europe, considered as one great country, has derived from those great events; and, secondly, into the particular advantages which each colonizing country has derived from the colonies which particularly belong to it, in consequence of the authority or dominion which it exercises over them.

The general advantages which Europe, considered as one great country, has derived from the discovery and colonization of America, consist, first, in the increase of its enjoyments; and secondly, in the augmentation of its industry.

The surplus produce of America, imported into Europe, furnishes the inhabitants of this great continent with a variety of commodities which they could

not otherwise have possessed, some for conveniency and use, some for pleasure, and some for ornament, and thereby contributes to increase their enjoyments.

The discovery and colonization of America, it will readily be allowed, have contributed to augment the industry, first, of all the countries which trade to it directly; such as Spain, Portugal, France, and England; and secondly, of all those which, without trading to it directly, send, through the medium of other countries, goods to it of their own produce; such as Austrian Flanders, and some provinces of Germany, which, through the medium of the countries before mentioned, send to it a considerable quantity of linen and other goods. All such countries have evidently gained a more extensive market for their surplus produce, and must consequently have been encouraged to increase its quantity.

But, that those great events should likewise have contributed to encourage the industry of countries, such as Hungary and Poland, which may never, perhaps, have sent a single commodity of their own produce to America, is not, perhaps, altogether so evident. That those events have done so, however, cannot be doubted. Some part of the produce of America is consumed in Hungary and Poland, and there is some demand there for the sugar, chocolate, and tobacco, of that new quarter of the world. But those commodities must be purchased with something which is either the produce of the industry of Hungary and Poland, or with something which had been purchased with some part of that produce. Those commodities of America are new values, new

equivalents, introduced into Hungary and Poland to be exchanged there for the surplus produce of those countries. By being carried thither they create a new and more extensive market for that surplus produce. They raise its value, and thereby contribute to encourage its increase. Though no part of it may ever be carried to America, it may be carried to other countries which purchase it with a part of their share of the surplus produce of America; and it may find a market by means of the circulation of that trade which was originally put into motion by the surplus produce of America.

Those great events may even have contributed to increase the enjoyments, and to augment the industry of countries which not only never sent any commodities to America, but never received any from it. Even such countries may have received a greater abundance of other commodities from countries of which the surplus produce had been augmented by means of the American trade. This greater abundance, as it must necessarily have increased their enjoyments, so it must likewise have augmented their industry. A greater number of new equivalents of some kind or other must have been presented to them to be exchanged for the surplus produce of that industry. A more extensive market must have been created for that surplus produce, so as to raise its value, and thereby encouraged its increase. The mass of commodities annually thrown into the great circle of European commerce, and by its various revolutions annually distributed among all the different

nations comprehended within it, must have been augmented by the whole surplus produce of America. A greater share of this greater mass, therefore, is likely to have fallen to each of those nations, to have increased their enjoyments, and augmented their industry.

The exclusive trade of the mother countries tends to diminish, or at least to keep down below what they would otherwise rise to, both the enjoyments and industry of all those nations in general, and of the American colonies in particular. It is a dead weight upon the action of one of the great springs which puts into motion a great part of the business of mankind. By rendering the colony produce dearer in all other countries, it lessens its consumption, and thereby cramps the industry of the colonies, and both the enjoyments and the industry of all other countries, which both enjoy less when they pay more for what they enjoy, and produce less when they get less for what they produce. By rendering the produce of all other countries dearer in the colonies, it cramps, in the same manner, the industry of all other countries, and both the enjoyments and the industry of the colonies. It is a clog which, for the supposed benefit of some particular countries, embarrasses the pleasures and encumbers the industry of all other countries; but of the colonies more than of any other. It not only excludes, as much as possible, all other countries from one particular market; but it confines, as much as possible, the colonies to one particular market: and the difference is very great between

being excluded from one particular market, when all others are open, and being confined to one particular market, when all others are shut up. The surplus produce of the colonies, however, is the original source of all that increase of enjoyments and industry which Europe derives from the discovery and colonization of America; and the exclusive trade of the mother countries tends to render this source much less abundant than it otherwise would be.

The particular advantages which each colonizing country derives from the colonies which particularly belong to it, are of two different kinds: first, those common advantages which every empire derives from the provinces subject to its dominion; and, secondly, those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America.

The common advantages which every empire derives from the provinces subject to its dominion, consist, first, in the military force which they furnish for its defence; and, secondly, in the revenue which they furnish for the support of its civil government. The Roman colonies furnished occasionally both the one and the other. The Greek colonies sometimes furnished a military force; but seldom any revenue. They seldom acknowledged themselves subject to the dominion of the mother city. They were generally her allies in war, but very seldom her subjects in peace.

The European colonies of America have never yet furnished any military force for the defence of the

mother country. The military force has never yet been sufficient for their own defence; and in the different wars in which the mother countries have been engaged, the defence of their colonies has generally occasioned a very considerable distraction of the military force of those countries. In this respect, therefore, all the European colonies have, without exception, been a cause rather of weakness than of strength to their respective mother countries.

The colonies of Spain and Portugal only have contributed any revenue towards the defence of the mother country, or the support of her civil government. The taxes which have been levied upon those of other European nations, upon those of England in particular, have seldom been equal to the expense laid out upon them in time of peace, and never sufficient to defray that which they occasioned in time of war. Such colonies, therefore, have been a source of expense and not of revenue to their respective mother countries.

The advantages of such colonies to their respective mother countries, consist altogether in those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America; and the exclusive trade, it is acknowledged, is the sole source of all those peculiar advantages.

In consequence of this exclusive trade, all that part of the surplus produce of the English colonies, for example, which consists in what are called enumerated commodities, can be sent to no other coun-

try but England. Other countries must afterwards buy it of her. It must be cheaper therefore in England than it can be in any other country, and must contribute more to increase the enjoyments of England than those of any other country. It must likewise contribute more to encourage her industry. For all those parts of her own surplus produce which England exchanges for those enumerated commodities, she must get a better price than any other countries can get for the like parts of theirs, when they exchange them for the same commodities. The manufactures of England, for example, will purchase a greater quantity of the sugar and tobacco of her own colonies, than the like manufactures of other countries can purchase of that sugar and tobacco. So far, therefore, as the manufactures of England and those of other countries are both to be exchanged for the sugar and tobacco of the English colonies, this superiority of price gives an encouragement to the former, beyond what the latter can in these circumstances enjoy. The exclusive trade of the colonies, therefore, as it diminishes, or, at least, keeps down below what they would otherwise rise to, both the enjoyments and the industry of the countries which do not possess it; so it gives an evident advantage to the countries which do possess it over those other countries.

This advantage, however, will perhaps be found to be rather what may be called a relative than an absolute advantage; and to give a superiority to the country which enjoys it, rather by depressing the

industry and produce of other countries, than by raising those of that particular country above what they would naturally rise to in the case of a free trade.

The tobacco of Maryland and Virginia, for example, by means of the monopoly which England enjoys of it, certainly comes cheaper to England than it can do to France, to whom England commonly sells a considerable part of it. But had France and all other European countries been at all times allowed a free trade to Maryland and Virginia, the tobacco of those colonies might by this time have come cheaper than it actually does, not only to all those other countries, but likewise to England. The produce of tobacco, in consequence of a market so much more extensive than any which it has hitherto enjoyed, might, and probably would, by this time, have been so much increased as to reduce the profits of a tobacco plantation to their natural level with those of a corn plantation, which, it is supposed, they are still somewhat above. The price of tobacco might, and probably would, by this time, have fallen somewhat lower than it is at present. An equal quantity of the commodities either of England, or of those other countries, might have purchased in Maryland and Virginia a greater quantity of tobacco than it can do at present, and, consequently, have been sold there for so much a better price. So far as that weed, therefore, can, by its cheapness and abundance, increase the enjoyments or augment the industry either of England or of any other country, it would probably,

in the case of a free trade, have produced both these effects in somewhat a greater degree than it can do at present. England, indeed, would not in this case have had any advantage over other countries. She might have bought the tobacco of her colonies somewhat cheaper, and consequently have sold some of her own commodities somewhat dearer than she actually does. But she could neither have bought the one cheaper nor sold the other dearer than any other country might have done. She might, perhaps, have gained an absolute, but she would certainly have lost a relative advantage.

In order, however, to obtain this relative advantage in the colony trade, in order to execute the invidious and malignant project of excluding as much as possible other nations from any share in it, England, there are very probable reasons for believing, has not only sacrificed a part of the absolute advantage which she, as well as every other nation, might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade.

When, by the act of navigation, England assumed to herself the monopoly of the colony trade, the foreign capitals which had before been employed in it were necessarily withdrawn from it. The English capital, which had before carried on but a part of it, was now to carry on the whole. The capital which had before supplied the colonies with but a part of the goods which they wanted from Europe, was now all that was employed to supply them with

the whole. But it could not supply them with the whole, and the goods with which it did supply them were necessarily sold very dear. The capital which had before bought but a part of the surplus produce of the colonies, was now all that was employed to buy the whole. But it could not buy the whole at any thing near the old price, and, therefore, whatever it did buy it necessarily bought very cheap. But in an employment of capital in which the merchant sold very dear and bought very cheap, the profit must have been very great, and much above the ordinary level of profit in other branches of trade. This superiority of profit in the colony trade could not fail to draw from other branches of trade a part of the capital which had before been employed in them. But this revulsion of capital, as it must have gradually increased the competition of capitals in the colony trade, so it must have gradually diminished that competition in all those other branches of trade; as it must have gradually lowered the profits of the one, so it must have gradually raised those of the other, till the profits of all came to a new level, different from and somewhat higher than that at which they had been before.

This double effect, of drawing capital from all other trades, and of raising the rate of profit somewhat higher than it otherwise would have been in all trades, was not only produced by this monopoly upon its first establishment, but has continued to be produced by it ever since.

First, this monopoly has been continually drawing

capital from all other trades to be employed in that of the colonies.

Though the wealth of Great Britain has increased very much since the establishment of the act of navigation, it certainly has not increased in the same proportion as that of the colonies. But the foreign trade of every country naturally increases in proportion to its wealth, its surplus produce in proportion to its whole produce; and Great Britain having engrossed to herself almost the whole of what may be called the foreign trade of the colonies, and her capital not having increased in the same proportion as the extent of that trade, she could not carry it on without continually withdrawing from other branches of trade some part of the capital which had before been employed in them, as well as withholding from them a great deal more which would otherwise have gone to them. Since the establishment of the act of navigation, accordingly, the colony trade has been continually increasing, while many other branches of foreign trade, particularly of that to other parts of Europe, have been continually decaying. Our manufactures for foreign sale, instead of being suited, as before the act of navigation, to the neighbouring market of Europe, or to the more distant one of the countries which lie round the Mediterranean Sea, have, the greater part of them, been accommodated to the still more distant one of the colonies, to the market in which they have the monopoly, rather than to that in which they have many competitors. The causes of decay in

other branches of foreign trade, which, by Sir Matthew Decker and other writers, have been sought for in the excess and improper mode of taxation, in the high price of labour, in the increase of luxury, &c., may all be found in the overgrowth of the colony trade. The mercantile capital of Great Britain, though very great, yet not being infinite; and though greatly increased since the act of navigation, yet not being increased in the same proportion as the colony trade, that trade could not possibly be carried on without withdrawing some part of that capital from other branches of trade, nor consequently without some decay of those other branches.

England, it must be observed, was a great trading country, her mercantile capital was very great and likely to become still greater and greater every day, not only before the act of navigation had established the monopoly of the colony trade, but before that trade was very considerable. In the Dutch war, during the government of Cromwell, her navy was superior to that of Holland; and in that which broke out in the beginning of the reign of Charles II. it was at last equal, perhaps superior, to the united navies of France and Holland. Its superiority, perhaps, would scarce appear greater in the present times; at least if the Dutch navy was to bear the same proportion to the Dutch commerce now which it did then. But this great naval power could not, in either of those wars, be owing to the act of navigation. During the first of them the plan

at act had been but just formed; and though
e the breaking out of the second it had been
enacted by legal authority, yet no part of it
have had time to produce any considerable
, and least of all that part which established
:clusive trade to the colonies. Both the colonies
heir trade were inconsiderable then in compa-
of what they now are. The island of Jamaica
an unwholesome desert, little inhabited, and
:ultivated. New York and New Jersey were
: possession of the Dutch: the half of St. Chris-
r's in that of the French. The island of An-
, the two Carolinas, Pennsylvania, Georgia,
Nova Scotia, were not planted. Virginia, Mary-
and New England were planted; and though
were very thriving colonies, yet there was not,
ps, at that time, either in Europe or America,
gle person who foresaw or even suspected the
progress which they have since made in wealth,
ation, and improvement. The island of Bar-
:s, in short, was the only British colony of any
quence of which the condition at that time
any resemblance to what it is at present. The
of the colonies, of which England, even for
time after the act of navigation, enjoyed but
t (for the act of navigation was not very strictly
ted till several years after it was enacted),
not at that time be the cause of the great
of England, nor of the great naval power
ı was supported by that trade. The trade
ı at that time supported that great naval power

was the trade of Europe, and of the countries which lie round the Mediterranean Sea. But the share which Great Britain at present enjoys of that trade could not support any such great naval power. Had the growing trade of the colonies been left free to all nations, whatever share of it might have fallen to Great Britain, and a very considerable share would probably have fallen to her, must have been all an addition to this great trade of which she was before in possession. In consequence of the monopoly, the increase of the colony trade has not so much occasioned an addition to the trade which Great Britain had before, as a total change in its direction.

Secondly, this monopoly has necessarily contributed to keep up the rate of profit in all the different branches of British trade higher than it naturally would have been, had all nations been allowed a free trade to the British colonies.

The monopoly of the colony trade, as it necessarily drew towards that trade a greater proportion of the capital of Great Britain than what would have gone to it of its own accord; so by the expulsion of all foreign capitals it necessarily reduced the whole quantity of capital employed in that trade below what it naturally would have been in the case of a free trade. But, by lessening the competition of capitals in that branch of trade, it necessarily raised the rate of profit in that branch. By lessening too the competition of British capitals in all other branches of trade, it necessarily raised the

rate of British profit in all those other branches. Whatever may have been, at any particular period, since the establishment of the act of navigation, the state or extent of the mercantile capital of Great Britain, the monopoly of the colony trade must, during the continuance of that state, have raised the ordinary rate of British profit higher than it otherwise would have been both in that and in all the other branches of British trade. If, since the establishment of the act of navigation, the ordinary rate of British profit has fallen considerably, as it certainly has, it must have fallen still lower, had not the monopoly established by that act contributed to keep it up.

But whatever raises in any country the ordinary rate of profit higher than it otherwise would be, necessarily subjects that country both to an absolute and to a relative disadvantage in every branch of trade of which she has not the monopoly.

It subjects her to an absolute disadvantage: because in such branches of trade her merchants cannot get this greater profit, without selling dearer than they otherwise would do both the goods of foreign countries which they import into their own, and the goods of their own country which they export to foreign countries. Their own country must both buy dearer and sell dearer; must both buy less and sell less; must both enjoy less and produce less, than she otherwise would do.

It subjects her to a relative disadvantage: because in such branches of trade it sets other countries

which are not subject to the same absolute disadvantage, either more above her or less below her than they otherwise would be. It enables them both to enjoy more and to produce more in proportion to what she enjoys and produces. It renders their superiority greater or their inferiority less than it otherwise would be. By raising the price of her produce above what it otherwise would be, it enables the merchants of other countries to undersell her in foreign markets, and thereby to jostle her out of almost all those branches of trade of which she has not the monopoly.

Our merchants frequently complain of the high wages of British labour as the cause of their manufactures being undersold in foreign markets; but they are silent about the high profits of stock. They complain of the extravagant gain of other people; but they say nothing of their own. The high profits of British stock, however, may contribute towards raising the price of British manufactures in many cases as much, and in some perhaps more, than the high wages of British labour.

It is in this manner that the capital of Great Britain, one may justly say, has partly been drawn and partly been driven from the greater part of the different branches of trade of which she has not the monopoly; from the trade of Europe in particular, and from that of the countries which lie round the Mediterranean Sea.

It has partly been drawn from those branches of trade; by the attraction of superior profit in the

colony trade in consequence of the continual increase of that trade, and of the continual insufficiency of the capital which had carried it on one year to carry it on the next.

It has partly been driven from them, by the advantage which the high rate of profit, established in Great Britain, gives to other countries, in all the different branches of trade of which Great Britain has not the monopoly.

As the monopoly of the colony trade has drawn from those other branches a part of the British capital which would otherwise have been employed in them, so it has forced into them many foreign capitals which would never have gone to them, had they not been expelled from the colony trade. In those other branches of trade it has diminished the competition of British capitals, and thereby raised the rate of British profit higher than it otherwise would have been. On the contrary, it has increased the competition of foreign capitals, and thereby sunk the rate of foreign profit lower than it otherwise would have been. Both in the one way and in the other it must evidently have subjected Great Britain to a relative disadvantage in all those other branches of trade.

The colony trade, however, it may perhaps be said, is more advantageous to Great Britain than any other; and the monopoly, by forcing into that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it, has turned that capital into an employment more advan-

tageous to the country than any other which it could have found.

The most advantageous employment of any capital to the country to which it belongs, is that which maintains there the greatest quantity of productive labour, and increases the most the annual produce of the land and labour of that country. But the quantity of productive labour which any capital employed in the foreign trade of consumption can maintain, is exactly in proportion, it has been shown in the second book, to the frequency of its returns. A capital of a thousand pounds, for example, employed in a foreign trade of consumption, of which the returns are made regularly once in the year, can keep in constant employment, in the country to which it belongs, a quantity of productive labour equal to what a thousand pounds can maintain there for a year. If the returns are made twice or thrice in the year, it can keep in constant employment a quantity of productive labour equal to what two or three thousand pounds can maintain there for a year. A foreign trade of consumption carried on with a neighbouring, is, upon this account, in general, more advantageous than one carried on with a distant country; and for the same reason a direct foreign trade of consumption, as it has likewise been shown in the second book, is in general more advantageous than a round-about one.

But the monopoly of the colony trade, so far as it has operated upon the employment of the capital of Great Britain, has in all cases forced some part of

it from a foreign trade of cousumption carried on with a neighbouring, to one carried on with a more distant country, and in many cases from a direct foreign trade of consumption to a round-about one.

First, the monopoly of the colony trade has in all cases forced some part of the capital of Great Britain from a foreign trade of consumption carried on with a neighbouring, to one carried on with a more distant country.

It has, in all cases, forced some part of that capital from the trade with Europe, and with the countries which lie round the Mediterranean Sea, to that with the more distant regions of America and the West Indies, from which the returns are necessarily less frequent, not only on account of the greater distance, but on account of the peculiar circumstances of those countries. New colonies, it has already been observed, are always understocked. Their capital is always much less than what they could employ with great profit and advantage in the improvement and cultivation of their land. They have a constant demand, therefore, for more capital than they have of their own; and, in order to supply the deficiency of their own, they endeavour to borrow as much as they can of the mother country, to whom they are, therefore, always in debt. The most common way in which the colonists contract this debt, is not by borrowing upon bond of the rich people of the mother country, though they sometimes do this too, but by running as much in arrear to their correspondents, who supply them with goods from Eu-

rope, as those correspondents will allow them. Their annual returns frequently do not amount to more than a third, and sometimes not to so great a proportion of what they owe. The whole capital, therefore, which their correspondents advance to them, is seldom returned to Britain in less than three, and sometimes not in less than four or five years. But a British capital of a thousand pounds, for example, which is returned to Great Britain only once in five years, can keep in constant employment only one-fifth part of the British industry which it could maintain if the whole was returned once in the year; and, instead of the quantity of industry which a thousand pounds could maintain for a year, can keep in constant employment the quantity only which two hundred pounds can maintain for a year. The planter, no doubt, by the high price which he pays for the goods from Europe, by the interest upon the bills which he grants at distant dates, and by the commission upon the renewal of those which he grants at near dates, makes up, and probably more than makes up, all the loss which his correspondent can sustain by this delay. But, though he may make up the loss of his correspondent, he cannot make up that of Great Britain. In a trade of which the returns are very distant, the profit of the merchant may be as great or greater than in one in which they are very frequent and near; but the advantage of the country in which he resides, the quantity of productive labour constantly maintained there, the annual produce of the land and labour

must always be much less. That the returns of the trade to America, and still more those of that to the West Indies, are, in general, not only more distant, but more irregular, and more uncertain too, than those of the trade to any part of Europe, or even of the countries which lie round the Mediterranean Sea, will readily be allowed, I imagine, by every body who has an experience of those different branches of trade.

Secondly, the monopoly of the colony trade has, in many cases, forced some part of the capital of Great Britain from a direct foreign trade of consumption, into a round-about one.

Among the enumerated commodities which can be sent to no other market but Great Britain, there are several of which the quantity exceeds very much the consumption of Great Britain, and of which a part, therefore, must be exported to other countries. But this cannot be done without forcing some part of the capital of Great Britain into a round-about foreign trade of consumption. Maryland and Virginia, for example, send annually to Great Britain upwards of ninety-six thousand hogsheads of tobacco, and the consumption of Great Britain is said not to exceed fourteen thousand. Upwards of eighty-two thousand hogsheads, therefore, must be exported to other countries, to France, to Holland, and to the countries which lie round the Baltic and Mediterranean Seas. But, that part of the capital of Great Britain which brings those eighty-two thousand hogsheads to Great Britain, which re-exports them from thence to those other countries, and which

brings back from those other countries to Great Britain either goods or money in return, is employed in a round-about foreign trade of consumption; and is necessarily forced into this employment in order to dispose of this great surplus. If we would compute in how many years the whole of this capital is likely to come back to Great Britain, we must add to the distance of the American returns that of the returns from those other countries. If, in the direct foreign trade of consumption which we carry on with America, the whole capital employed frequently does not come back in less than three or four years; the whole capital employed in this round-about one is not likely to come back in less than four or five. If the one can keep in constant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year, the other can keep in constant employment but a fourth or a fifth part of that industry. At some of the out-ports a credit is commonly given to those foreign correspondents to whom they export their tobacco. At the port of London, indeed, it is commonly sold for ready money. The rule is, *Weigh and pay.* At the port of London, therefore, the final returns of the whole round-about trade are more distant than the returns from America by the time only which the goods may lie unsold in the warehouse; where, however, they may sometimes lie long enough. But, had not the colonies been confined to the market of Great Britain for the sale of their tobacco, very little more of it would probably

have come to us than what was necessary for the home consumption. The goods which Great Britain purchases at present for her own consumption with the great surplus of tobacco which she exports to other countries, she would, in this case, probably have purchased with the immediate produce of her own industry, or with some part of her own manufactures. That produce, those manufactures, instead of being almost entirely suited to one great market, as at present, would probably have been fitted to a great number of smaller markets. Instead of one great round-about foreign trade of consumption, Great Britain would probably have carried on a great number of small direct foreign trades of the same kind. On account of the frequency of the returns, a part, and probably but a small part, perhaps not above a third or a fourth, of the capital which at present carries on this great round-about trade, might have been sufficient to carry on all those small direct ones, might have kept in constant employment an equal quantity of British industry, and have equally supported the annual produce of the land and labour of Great Britain. All the purposes of this trade being, in this manner, answered by a much smaller capital, there would have been a large spare capital to apply to other purposes; to improve the lands, to increase the manufactures, and to extend the commerce of Great Britain; to come into competition at least with the other British capitals employed in all those different ways, to reduce the rate of profit in them all, and thereby to

give to Great Britain, in all of them, a superiority over other countries, still greater than what she at present enjoys.

The monopoly of the colony trade too has forced some part of the capital of Great Britain from all foreign trade of consumption to a carrying trade; and, consequently, from supporting more or less the industry of Great Britain, to be employed altogether in supporting partly that of the colonies, and partly that of some other countries.

The goods, for example, which are annually purchased with the great surplus of eighty-two thousand hogsheads of tobacco annually re-exported from Great Britain, are not all consumed in Great Britain. Part of them, linen from Germany and Holland, for example, is returned to the colonies for their particular consumption. But, that part of the capital of Great Britain which buys the tobacco with which this linen is afterwards bought, is necessarily withdrawn from supporting the industry of Great Britain, to be employed altogether in supporting, partly that of the colonies, and partly that of the particular countries who pay for this tobacco with the produce of their own industry.

The monopoly of the colony trade besides, by forcing towards it a much greater proportion of the capital of Great Britain than what would naturally have gone to it, seems to have broken altogether that natural balance which would otherwise have taken place among all the different branches of British industry. The industry of Great Britain,

instead of being accommodated to a great number of small markets, has been principally suited to one great market. Her commerce, instead of running in a great number of small channels, has been taught to run principally in one great channel. But the whole system of her industry and commerce has thereby been rendered less secure; the whole state of her body politic less healthful, than it otherwise would have been. In her present condition, Great Britain resembles one of those unwholesome bodies in which some of the vital parts are overgrown, and which, upon that account, are liable to many dangerous disorders scarce incident to those in which all the parts are more properly proportioned. A small stop in that great blood-vessel which has been artificially swelled beyond its natural dimensions, and through which an unnatural proportion of the industry and commerce of the country has been forced to circulate, is very likely to bring on the most dangerous disorders upon the whole body politic. The expectation of a rupture with the colonies, accordingly, has struck the people of Great Britain with more terror than they ever felt for a Spanish armada, or a French invasion. It was this terror, whether well or ill grounded, which rendered the repeal of the stamp act, among the merchants at least, a popular measure. In the total exclusion from the colony market, was it to last only for a few years, the greater part of our merchants used to fancy that they foresaw an entire stop to their trade; the greater part of our master manufacturers, the

entire ruin of their business; and the greater part of our workmen an end of their employment. A rupture with any of our neighbours upon the continent, though likely too to occasion some stop or interruption in the employments of some of all these different orders of people, is foreseen, however, without any such general emotion. The blood of which the circulation is stopt in some of the smaller vessels, easily disgorges itself into the greater, without occasioning any dangerous disorder; but, when it is stopt in any of the greater vessels, convulsions, apoplexy, or death, are the immediate and unavoidable consequences. If but one of those overgrown manufactures, which by means either of bounties or of the monopoly of the home and colony markets, have been artificially raised up to an unnatural height, finds some small stop or interruption in its employment, it frequently occasions a mutiny and disorder alarming to government, and embarrassing even to the deliberations of the legislature. How great, therefore, would be the disorder and confusion, it was thought, which must necessarily be occasioned by a sudden and entire stop in the employment of so great a proportion of our principal manufacturers?

Some moderate and gradual relaxation of the laws which give to Great Britain the exclusive trade to the colonies, till it is rendered in a great measure free, seems to be the only expedient which can, in all future times, deliver her from this danger, which [redacted] enable her or even force her to withdraw some

part of her capital from this overgrown employment, and to turn it, though with less profit, towards other employments; and which, by gradually diminishing one branch of her industry and gradually increasing all the rest, can by degrees restore all the different branches of it to that natural, healthful, and proper proportion which perfect liberty necessarily establishes, and which perfect liberty can alone preserve. To open the colony trade all at once to all nations, might not only occasion some transitory inconveniency, but a great permanent loss to the greater part of those whose industry or capital is at present engaged in it. The sudden loss of the employment even of the ships which import the eighty-two thousand hogsheads of tobacco, which are over and above the consumption of Great Britain, might alone be felt very sensibly. Such are the unfortunate effects of all the regulations of the mercantile system! They not only introduce very dangerous disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders. In what manner, therefore, the colony trade ought gradually to be opened; what are the restraints which ought first, and what are those which ought last to be taken away; or in what manner the natural system of perfect liberty and justice ought gradually to be restored, we must leave to the wisdom of future statesmen and legislators to determine.

Five different events, unforeseen and unthought of, have very fortunately concurred to hinder Great

Britain from feeling, so sensibly as it was generally expected she would, the total exclusion which has now taken place for more than a year (from the first of December 1774) from a very important branch of the colony trade, that of the twelve associated provinces of North America. First, those colonies, in preparing themselves for their non-importation agreement, drained Great Britain completely of all the commodities which were fit for their market: secondly, the extraordinary demand of the Spanish Flota has this year drained Germany and the North of many commodities, linen in particular, which used to come into competition, even in the British market, with the manufactures of Great Britain: thirdly, the peace between Russia and Turkey has occasioned an extraordinary demand from the Turkey market, which during the distress of the country, and while a Russian fleet was cruising in the Archipelago, had been very poorly supplied: fourthly, the demand of the North of Europe for the manufactures of Great Britain has been increasing from year to year for some time past: and, fifthly, the late partition and consequential pacification of Poland, by opening the market of that great country, have this year added an extraordinary demand from thence to the increasing demand of the North. These events are all, except the fourth, in their nature transitory and accidental, and the exclusion from so important a branch of the colony trade, if unfortunately it should continue much longer, may still occasion some degree of distress. This distress, however, as

it will come on gradually, will be felt much less severely than if it had come on all at once; and, in the mean time, the industry and capital of the country may find a new employment and direction, so as to prevent this distress from ever rising to any considerable height.

The monopoly of the colony trade, therefore, so far as it has turned towards that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it, has in all cases turned it, from a foreign trade of consumption with a neighbouring, into one with a more distant country; in many cases, from a direct foreign trade of consumption, into a round-about one; and in some cases, from all foreign trade of consumption, into a carrying trade. It has in all cases, therefore, turned it, from a direction in which it would have maintained a greater quantity of productive labour, into one in which it can maintain a much smaller quantity. By suiting, besides, to one particular market only, so great a part of the industry and commerce of Great Britain, it has rendered the whole state of that industry and commerce more precarious and less secure, than if their produce had been accommodated to a greater variety of markets.

We must carefully distinguish between the effects of the colony trade and those of the monopoly of that trade. The former are always and necessarily beneficial; the latter always and necessarily hurtful. But the former are so beneficial, that the colony trade, though subject to a monopoly, and

notwithstanding the hurtful effects of that monopoly, is still upon the whole beneficial, and greatly beneficial, though a good deal less so than it otherwise would be.

The effect of the colony trade in its natural and free state, is to open a great though distant market for such parts of the produce of British industry as may exceed the demand of the markets nearer home, of those of Europe, and of the countries which lie round the Mediterranean Sea. In its natural and free state, the colony trade, without drawing from those markets any part of the produce which had ever been sent to them, encourages Great Britain to increase the surplus continually, by continually presenting new equivalents to be exchanged for it. In its natural and free state, the colony trade tends to increase the quantity of productive labour in Great Britain, but without altering in any respect the direction of that which had been employed there before. In the natural and free state of the colony trade, the competition of all other nations would hinder the rate of profit from rising above the common level either in the new market or in the new employment. The new market, without drawing anything from the old one, would create, if one may say so, a new produce for its own supply; and that new produce would constitute a new capital for carrying on the new employment, which in the same manner would draw nothing from the old one.

The monopoly of the colony trade, on the contrary, by excluding the competition of other nations,

thereby raising the rate of profit both in the new market and in the new employment, draws produce from the old market and capital from the old employment. To augment our share of the colony trade beyond what it otherwise would be, is the avowed purpose of the monopoly. If our share of that trade were to be no greater with, than it would have been without the monopoly, there could have been no reason for establishing the monopoly. But whatever forces into a branch of trade of which the returns are slower and more distant than those of the greater part of other trades, a greater proportion of the capital of any country, than what of its own accord would go to that branch, necessarily renders the whole quantity of productive labour annually maintained there, the whole annual produce of the land and labour of that country, less than they otherwise would be. It keeps down the revenue of the inhabitants of that country below what it would naturally rise to, and thereby diminishes their power of accumulation. It not only hinders, at all times, their capital from maintaining so great a quantity of productive labour as it would otherwise maintain, but it hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining a still greater quantity of productive labour.

The natural good effects of the colony trade, however, more than counterbalance to Great Britain the bad effects of the monopoly, so that, monopoly and altogether, that trade, even as it is carried on at present, is not only advantageous, but greatly ad-

vantageous. The new market and the new employment which are opened by the colony trade, are of much greater extent than that portion of the old market and of the old employment which is lost by the monopoly. The new produce and the new capital which has been created, if one may say so, by the colony trade, maintain in Great Britain a greater quantity of productive labour, than what can have been thrown out of employment by the revulsion of capital from other trades of which the returns are more frequent. If the colony trade, however, even as it is carried on at present, is advantageous to Great Britain, it is not by means of the monopoly, but in spite of the monopoly.

It is rather for the manufactured than for the rude produce of Europe, that the colony trade opens a new market. Agriculture is the proper business of all new colonies; a business which the cheapness of land renders more advantageous than any other. They abound, therefore, in the rude produce of land, and instead of importing it from other countries, they have generally a large surplus to export. In new colonies, agriculture either draws hands from all other employments, or keeps them from going to any other employment. There are few hands to spare for the necessary, and none for the ornamental manufactures. The greater part of the manufactures of both kinds, they find it cheaper to purchase of other countries than to make for themselves. It is chiefly by encouraging the manufactures of Europe, that the colony trade indirectly encourages its

agriculture. The manufacturers of Europe, to whom that trade gives employment, constitute a new market for the produce of the land; and the most advantageous of all markets: the home market for the corn and cattle, for the bread and butchers' meat of Europe, is thus greatly extended by means of the trade to America.

But that the monopoly of the trade of populous and thriving colonies is not alone sufficient to establish, or even to maintain manufactures in any country, the examples of Spain and Portugal sufficiently demonstrate. Spain and Portugal were manufacturing countries before they had any considerable colonies. Since they had the richest and most fertile in the world, they have both ceased to be so.

In Spain and Portugal the bad effects of the monopoly, aggravated by other causes, have, perhaps, nearly overbalanced the natural good effects of the colony trade. These causes seem to be, other monopolies of different kinds; the degradation of the value of gold and silver below what it is in most other countries; the exclusion from foreign markets by improper taxes upon exportation, and the narrowing of the home market, by still more improper taxes upon the transportation of goods from one part of the country to another; but above all, that irregular and partial administration of justice, which often protects the rich and powerful debtor from the pursuit of his injured

creditor, and which makes the industrious part of the nation afraid to prepare goods for the consumption of those haughty and great men, to whom they dare not refuse to sell upon credit, and from whom they are altogether uncertain of repayment.

In England, on the contrary, the natural good effects of the colony trade, assisted by other causes, have in a great measure conquered the bad effects of the monopoly. These causes seem to be, the general liberty of trade, which, notwithstanding some restraints, is at least equal, perhaps superior, to what it is in any other country; the liberty of exporting, duty free, almost all sorts of goods which are the produce of domestic industry, to almost any foreign country; and what, perhaps, is of still greater importance, the unbounded liberty of transporting them from any one part of our own country to any other, without being obliged to give any account to any public office, without being liable to question or examination of any kind; but above all, that equal and impartial administration of justice which renders the rights of the meanest British subject respectable to the greatest, and which, by securing to every man the fruits of his own industry, gives the greatest and most effectual encouragement to every sort of industry.

If the manufactures of Great Britain, however, have been advanced, as they certainly have, by the

colony trade, it has not been by means of the monopoly of that trade, but in spite of the monopoly. The effect of the monopoly has been, not to augment the quantity, but to alter the quality and shape of a part of the manufactures of Great Britain, and to accommodate to a market, from which the returns are slow and distant, what would otherwise have been accommodated to one from which the returns are frequent and near. Its effect has consequently been to turn a part of the capital of Great Britain from an employment in which it would have maintained a greater quantity of manufacturing industry, to one in which it maintains a much smaller, and thereby to diminish, instead of increasing, the whole quantity of manufacturing industry maintained in Great Britain.

The monopoly of the colony trade, therefore, like all the other mean and malignant expedients of the mercantile system, depresses the industry of all other countries, but chiefly that of the colonies, without in the least increasing, but on the contrary diminishing, that of the country in whose favour it is established.

The monopoly hinders the capital of that country, whatever may at any particular time be the extent of that capital, from maintaining so great a quantity of productive labour as it would otherwise maintain, and from affording so great a revenue to the industrious inhabitants as it would otherwise afford. But as capital can be increased only by savings from revenue, the monopoly, by hindering

it from affording so great a revenue as it would otherwise afford, necessarily hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining a still greater quantity of productive labour, and affording a still greater revenue to the industrious inhabitants of that country. One great original source of revenue, therefore, the wages of labour, the monopoly must necessarily have rendered at all times less abundant than it otherwise would have been.

By raising the rate of mercantile profit, the monopoly discourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this difference affords a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If the profit is less, mercantile employments will draw capital from the improvement of land. Whatever therefore raises the rate of mercantile profit, either lessens the superiority or increases the inferiority of the profit of improvement; and in the one case hinders capital from going to improvement, and in the other draws capital from it. But by discouraging improvement, the monopoly necessarily retards the natural increase of another great original source of revenue, the rent of land. By raising the rate of profit too, the monopoly necessarily keeps up the market rate

of interest higher than it otherwise would be. But the price of land in proportion to the rent which it affords, the number of years' purchase which is commonly paid for it, necessarily falls as the rate of interest rises, and rises as the rate of interest falls. The monopoly, therefore, hurts the interest of the landlord two different ways, by retarding the natural increase, first, of his rent, and, secondly, of the price which he would get for his land in proportion to the rent which it affords.

The monopoly, indeed, raises the rate of mercantile profit, and thereby augments somewhat the gains of our merchants. But as it obstructs the natural increase of capital, it tends rather to diminish than to increase the sum total of the revenue which the inhabitants of the country derive from the profits of stock; a small profit upon a great capital generally affording a greater revenue than a great profit upon a small one. The monopoly raises the rate of profit, but it hinders the sum of profit from rising so high as it otherwise would do.

All the original sources of revenue, the wages of labour, the rent of land, and the profits of stock, the monopoly renders much less abundant than they otherwise would be. To promote the little interest of one little order of men in one country, it hurts the interest of all the other orders of men in that country, and of all the men in all other countries.

It is plain by raising the ordinary rate of profit that the monopoly either has proved or could prove

advantageous to any one particular order of men. But besides all the bad effects to the country in general, which have already been mentioned as necessarily resulting from a high rate of profit; there is one more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit seems everywhere to destroy that parsimony which in other circumstances is natural to the character of the merchant. When profits are high, that sober virtue seems to be superfluous, and expensive luxury to suit better the affluence of his situation. But the owners of the great mercantile capitals are necessarily the leaders and conductors of the whole industry of every nation, and their example has a much greater influence upon the manners of the whole industrious part of it than that of any other order of men. If his employer is attentive and parsimonious, the workman is very likely to be so too; but if the master is dissolute and disorderly, the servant, who shapes his work according to the pattern which his master prescribes to him, will shape his life too according to the example which he sets him. Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate; and the funds destined for the maintenance of productive labour receive no augmentation from the revenue of those who ought naturally to augment them the most. The capital of the country, instead of increasing, gradually dwindles away, and the quan-

ity of productive labour maintained in it grows very day less and less. Have the exorbitant profits of the merchants of Cadiz and Lisbon augnented the capital of Spain and Portugal? Have hey alleviated the poverty, have they promoted the ndustry of those two beggarly countries? Such as been the tone of mercantile expense in those wo trading cities, that those exorbitant profits, far rom augmenting the general capital of the country, eem scarce to have been sufficient to keep up the apitals upon which they were made. Foreign capials are every day intruding themselves, if I may say o, more and more into the trade of Cadiz and Lisbon. It is to expel those foreign capitals from a rade which their own grows every day more and nore insufficient for carrying on, that the Spaniards nd Portuguese endeavour every day to straiten nore and more the galling bands of their absurd nonopoly. Compare the mercantile manners of Cadiz and Lisbon with those of Amsterdam, and ou will be sensible how differently the conduct and haracter of merchants are affected by the high and y the low profits of stock. The merchants of London, indeed, have not yet generally become such nagnificent lords as those of Cadiz and Lisbon; ut neither are they in general such attentive and arsimonious burghers as those of Amsterdam. They are supposed, however, many of them, to be a good deal richer than the greater part of the former, and not quite so rich as many of the latter. But the rate of their profit is commonly much lower

than that of the former, and a good deal higher than that of the latter. Light come light go, says the proverb; and the ordinary tone of expense seems everywhere to be regulated, not so much according to the real ability of spending, as to the supposed facility of getting money to spend.

It is thus that the single advantage which the monopoly procures to a single order of men is in many different ways hurtful to the general interest of the country.

To found a great empire for the sole purpose of raising up a people of customers may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers. Such statesmen, and such statesmen only, are capable of fancying that they will find some advantage in employing the blood and treasure of their fellow-citizens, to found and maintain such an empire. Say to a shopkeeper, Buy me a good estate, and I shall always buy my clothes at your shop, even though I should pay somewhat dearer than what I can have them for at other shops; and you will not find him very forward to embrace your proposal. But should any other person buy you such an estate, the shopkeeper will be much obliged to your benefactor if he would enjoin you to buy all your clothes at his shop. England purchased from some of her subjects, who found themselves uneasy at home, a great estate in a distant country. The price, indeed,

was very small, and instead of thirty years' purchase, the ordinary price of land in the present times, it amounted to little more than the expense of the different equipments which made the first discovery, reconnoitred the coast, and took a fictitious possession of the country. The land was good and of great extent, and the cultivators having plenty of good ground to work upon, and being for some time at liberty to sell their produce where they pleased, became in the course of little more than thirty or forty years (between 1620 and 1660) so numerous and thriving a people, that the shopkeepers and other traders of England wished to secure to themselves the monopoly of their custom. Without pretending, therefore, that they had paid any part either of the original purchase-money, or of the subsequent expense of improvement, they petitioned the parliament that the cultivators of America might for the future be confined to their shop; first, for buying all the goods which they wanted from Europe; and, secondly, for selling all such parts of their own produce as those traders might find it convenient to buy. For they did not find it convenient to buy every part of it. Some parts of it imported into England might have interfered with some of the trades which they themselves carried on at home. Those particular parts of it, therefore, they were willing that the colonists should sell where they could; the farther off the better; and upon that account proposed that their market should be confined to the countries south of Cape Finis-

terre. A clause in the famous act of navigation established this truly shopkeeper proposal into a law.

The maintenance of this monopoly has hitherto been the principal, or more properly perhaps the sole end and purpose of the dominion which Great Britain assumes over her colonies. In the exclusive trade, it is supposed, consists the great advantage of provinces, which have never yet afforded either revenue or military force for the support of the civil government, or the defence of the mother country. The monopoly is the principal badge of their dependency, and it is the sole fruit which has hitherto been gathered from that dependency. Whatever expense Great Britain has hitherto laid out in maintaining this dependency has really been laid out in order to support this monopoly. The expense of the ordinary peace establishment of the colonies amounted, before the commencement of the present disturbances, to the pay of twenty regiments of foot; to the expense of the artillery, stores, and extraordinary provisions with which it was necessary to supply them; and to the expense of a very considerable naval force which was constantly kept up, in order to guard, from the smuggling vessels of other nations, the immense coast of North America, and that of our West Indian Islands. The whole expense of this peace establishment was a charge upon the revenue of Great Britain, and was, at the same time, the smallest part of what the dominion of the colonies has cost the mother country. If we

would know the amount of the whole, we must add to the annual expense of this peace establishment the interest of the sums which, in consequence of her considering her colonies as provinces subject to her dominion, Great Britain has upon different occasions laid out upon their defence. We must add to it, in particular, the whole expense of the late war, and a great part of that of the war which preceded it. The late war was altogether a colony quarrel, and the whole expense of it, in whatever part of the world it might have been laid out, whether in Germany or the East Indies, ought justly to be stated to the account of the colonies. It amounted to more than ninety millions sterling, including not only the new debt which was contracted, but the two shillings in the pound additional land tax, and the sums which were every year borrowed from the sinking fund. The Spanish war which began in 1739, was principally a colony quarrel. Its principal object was to prevent the search of the colony ships which carried on a contraband trade with the Spanish main. This whole expense is, in reality, a bounty which has been given in order to support a monopoly. The pretended purpose of it was to encourage the manufactures, and to increase the commerce of Great Britain. But its real effect has been to raise the rate of mercantile profit, and to enable our merchants to turn into a branch of trade, of which the returns are more slow and distant than those of the greater part of other trades, a greater proportion of their capital than they otherwise

wise would have done; two events which, if a bounty could have prevented, it might perhaps have been very well worth while to give such a bounty.

Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies.

To propose that Great Britain should voluntarily give up all authority over her colonies, and leave them to elect their own magistrates, to enact their own laws, and to make peace and war as they might think proper, would be to propose such a measure as never was, and never will be adopted by any nation in the world. No nation ever voluntarily gave up the dominion of any province, how troublesome soever it might be to govern it, and how small soever the revenue which it afforded might be in proportion to the expense which it occasioned. Such sacrifices, though they might frequently be agreeable to the interest, are always mortifying to the pride of every nation, and, what is perhaps of still greater consequence, they are always contrary to the private interest of the governing part of it, who would thereby be deprived of the disposal of many places of trust and profit, of many opportunities of acquiring wealth and distinction, which the possession of the most turbulent, and, to the great body of the people, the most unprofitable province seldom fails to afford. The most visionary enthusiasts would scarce be capable of proposing such a measure, with any serious hopes at least of its ever being adopted. If it was adopted, however, Great Britain would not

only be immediately freed from the whole annual expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly which she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country, which, perhaps, our late dissensions have well nigh extinguished, would quickly revive. It might dispose them not only to respect, for whole centuries together, that treaty of commerce which they had concluded with us at parting, but to favour us in war as well as in trade, and, instead of turbulent and factious subjects, to become our most faithful, affectionate, and generous allies; and the same sort of parental affection on the one side, and filial respect on the other, might revive between Great Britain and her colonies, which used to subsist between those of ancient Greece and the mother city from which they descended.

In order to render any province advantageous to the empire to which it belongs, it ought to afford, in time of peace, a revenue to the public sufficient not only for defraying the whole expense of its own peace establishment, but for contributing its proportion to the support of the general government of the empire. Every province necessarily contributes, more or less, to increase the expense of that general government. If any particular province, therefore, does not contribute its share towards defraying this

expense, an unequal burden must be thrown upon some other part of the empire. The extraordinary revenue too which every province affords to the public in time of war, ought, from parity of reason, to bear the same proportion to the extraordinary revenue of the whole empire which its ordinary revenue does in time of peace. That neither the ordinary nor extraordinary revenue which Great Britain derives from her colonies, bears this proportion to the whole revenue of the British empire, will readily be allowed. The monopoly, it has been supposed, indeed, by increasing the private revenue of the people of Great Britain, and thereby enabling them to pay greater taxes, compensates the deficiency of the public revenue of the colonies. But this monopoly I have endeavoured to show, though a very grievous tax upon the colonies, and though it may increase the revenue of a particular order of men in Great Britain, diminishes instead of increasing that of the great body of the people; and consequently diminishes instead of increasing the ability of the great body of the people to pay taxes. The men too whose revenue the monopoly increases, constitute a particular order, which it is both absolutely impossible to tax beyond the proportion of other orders, and extremely impolitic even to attempt to tax beyond that proportion, as I shall endeavour to show in the following book. No particular resource, therefore, can be drawn from this particular order.

The colonies may be taxed either by their own assemblies, or by the Parliament of Great Britain.

That the colony assemblies can ever be so managed as to levy upon their constituents a public revenue sufficient, not only to maintain at all times their own civil and military establishment, but to pay their proper proportion of the expense of the general government of the British empire, seems not very probable. It was a long time before even the Parliament of England, though placed immediately under the eye of the sovereign, could be brought under such a system of management, or could be rendered sufficiently liberal in their grants for supporting the civil and military establishments even of their own country. It was only by distributing among the particular members of Parliament, a great part either of the offices, or of the disposal of the offices arising from this civil and military establishment, that such a system of management could be established even with regard to the Parliament of England. But the distance of the colony assemblies from the eye of the sovereign, their number, their dispersed situation, and their various constitutions, would render it very difficult to manage them in the same manner, even though the sovereign had the same means of doing it; and those means are wanting. It would be absolutely impossible to distribute among all the leading members of all the colony assemblies such a share, either of the offices or of the disposal of the offices arising from the general government of the British empire, as to dispose them to give up their popularity at home, and to tax their constituents for the support of that gene-

ral government, of which almost the whole emoluments were to be divided among people who were strangers to them. The unavoidable ignorance of administration, besides, concerning the relative importance of the different members of those different assemblies, the offences which must frequently be given, the blunders which must constantly be committed in attempting to manage them in this manner, seems to render such a system of management altogether impracticable with regard to them. The colony assemblies, besides, cannot be supposed the proper judges of what is necessary for the defence and support of the whole empire. The care of that defence and support is not entrusted to them. It is not their business, and they have no regular means of information concerning it. The assembly of a province, like the vestry of a parish, may judge very properly concerning the affairs of its own particular district; but can have no proper means of judging concerning those of the whole empire. It cannot even judge properly concerning the proportion which its own province bears to the whole empire; or concerning the relative degree of its wealth and importance, compared with the other provinces; because those other provinces are not under the inspection and superintendency of the assembly of a particular province. What is necessary for the defence and support of the whole empire, and in what proportion each part ought to contribute, can be judged of only by that assembly which inspects and superintends the affairs of the whole empire.

It has been proposed, accordingly, that the colonies should be taxed by requisition, the parliament of Great Britain determining the sum which each colony ought to pay, and the provincial assembly assessing and levying it in the way that suited best the circumstances of the province. What concerned the whole empire would in this way be determined by the assembly which inspects and superintends the affairs of the whole empire; and the provincial affairs of each colony might still be regulated by its own assembly. Though the colonies should in this case have no representatives in the British parliament, yet, if we may judge by experience, there is no probability that the parliamentary requisition would be unreasonable. The parliament of England has not upon any occasion shown the smallest disposition to overburden those parts of the empire which are not represented in parliament. The islands of Guernsey and Jersey, without any means of resisting the authority of parliament, are more lightly taxed than any part of Great Britain. Parliament, in attempting to exercise its supposed right, whether well or ill-grounded, of taxing the colonies, has never hitherto demanded of them any thing which even approached to a just proportion to what was paid by their fellow-subjects at home. If the contribution of the colonies, besides, was to rise or fall in proportion to the rise or fall of the land-tax, parliament could not tax them without taxing at the same time its own constituents, and

the colonies might in this case be considered as virtually represented in parliament.

Examples are not wanting of empires in which all the different provinces are not taxed, if I may be allowed the expression, in one mass; but in which the sovereign regulates the sum which each province ought to pay, and in some provinces assesses and levies it as he thinks proper; while in others, he leaves it to be assessed and levied as the respective states of each province shall determine. In some provinces of France, the king not only imposes what taxes he thinks proper, but assesses and levies them in the way he thinks proper. From others he demands a certain sum, but leaves it to the states of each province to assess and levy that sum as they think proper. According to the scheme of taxing by requisition, the parliament of Great Britain would stand nearly in the same situation towards the colony assemblies, as the king of France does towards the states of those provinces which still enjoy the privilege of having states of their own, the provinces of France which are supposed to be the best governed.

But though, according to this scheme, the colonies could have no just reason to fear that their share of the public burdens should ever exceed the proper proportion to that of their fellow-citizens at home; Great Britain might have just reason to fear that it never would amount to that proper proportion. The parliament of Great Britain has not for some

time past had the same established authority in the colonies which the French king has in those provinces of France which still enjoy the privilege of having states of their own. The colony assemblies, if they were not very favourably disposed (and unless more skilfully managed than they ever have been hitherto, they are not very likely to be so), might still find many pretences for evading or rejecting the most reasonable requisitions of parliament. A French war breaks out, we shall suppose; ten millions must immediately be raised, in order to defend the seat of the empire. This sum must be borrowed upon the credit of some parliamentary fund mortgaged for paying the interest. Part of this fund parliament proposes to raise by a tax to be levied in Great Britain, and part of it, by a requisition to all the different colony assemblies of America and the West Indies. Would people readily advance their money upon the credit of a fund, which partly depended upon the good humour of all those assemblies, far distant from the seat of the war, and sometimes, perhaps, thinking themselves not much concerned in the event of it? Upon such a fund no more money would probably be advanced than what the tax to be levied in Great Britain might be supposed to answer for. The whole burden of the debt contracted on account of the war would in this manner fall, as it always has done hitherto, upon Great Britain; upon a part of the empire, and not upon the whole empire. Great Britain is, perhaps, since the world began, the only

state which, as it has extended its empire, has only increased its expense without once augmenting its resources. Other states have generally disburdened themselves, upon their subject and subordinate provinces, of the most considerable part of the expense of defending the empire. Great Britain has hitherto suffered her subject and subordinate provinces to disburden themselves upon her of almost this whole expense. In order to put Great Britain upon a footing of equality with her own colonies, which the law has hitherto supposed to be subject and subordinate, it seems necessary, upon the scheme of taxing them by parliamentary requisition, that parliament should have some means of rendering its requisitions immediately effectual, in case the colony assemblies should attempt to evade or reject them; and what those means are, it is not very easy to conceive, and it has not yet been explained.

Should the parliament of Great Britain, at the same time, be ever fully established in the right of taxing the colonies, even independent of the consent of their own assemblies, the importance of those assemblies would from that moment be at an end, and with it, that of all the leading men of British America. Men desire to have some share in the management of public affairs chiefly on account of the importance which it gives them. Upon the power which the greater part of the leading men, the natural aristocracy of every country, have of preserving or defending their respective importance, depends the stability and duration of every system

e government. In the attacks which those
g men are continually making upon the im-
ice of one another, and in the defence of their
consists the whole play of domestic faction
mbition. The leading men of America, like
of all other countries, desire to preserve their
importance. They feel, or imagine, that if
assemblies, which they are fond of calling
ments, and of considering as equal in authority
parliament of Great Britain, should be so
graded as to become the humble ministers
ecutive officers of that parliament, the greater
f their own importance would be at an end.
have rejected, therefore, the proposal of being
by parliamentary requisition, and like other
ious and high-spirited men, have rather chosen
w the sword in defence of their own import-

rards the declension of the Roman republic,
lies of Rome, who had borne the principal
n of defending the state and extending the
e, demanded to be admitted to all the privi-
of Roman citizens. Upon being refused, the
war broke out. During the course of that
ome granted those privileges to the greater
f them, one by one, and in proportion as they
ed themselves from the general confederacy.
rliament of Great Britain insists upon taxing
lonies; and they refuse to be taxed by a par-
t in which they are not represented. If a
olony, which should detach itself from the

general confederacy, Great Britain should admit such a number of representatives as suited their proportion of what it contributed to the public revenue of the empire, in consequence of its being subjected to the same taxes, and in compensation admitted to the same freedom of trade with its fellow-subjects at home, the number of its representatives to be augmented as the proportion of its contribution might afterwards augment; a new method of acquiring importance, a new and more dazzling object of ambition would be presented to the leading men of each colony. Instead of piddling for the little prizes which are to be found in what may be called the paltry raffle of colony faction, they might then hope, from the presumption which men naturally have in their own ability and good fortune, to draw some of the great prizes which sometimes come from the wheel of the great state lottery of British politics. Unless this or some other method is fallen upon, and there seems to be none more obvious than this, of preserving the importance and of gratifying the ambition of the leading men of America, it is not very probable that they will ever voluntarily submit to us; and we ought to consider that the blood which must be shed in forcing them to do so, is, every drop of it, the blood either of those who are or of those whom we wish to have for our fellow-citizens. They are very weak who flatter themselves that, in the state to which things have come, our colonies will be easily conquered by force alone. The persons who now govern the resolutions of the

that all their continental congress, feel in themselves at this moment a degree of importance which, perhaps, the greatest subjects in Europe scarce feel. From shopkeepers, tradesmen, and attorneys, they are become statesmen and legislators, and are employed in contriving a new form of government for an extensive empire, which, they flatter themselves, will become, and which, indeed, seems very likely to become, one of the greatest and most formidable that ever was in the world. Five hundred different people, perhaps, who in different ways act immediately under the continental congress; and five hundred thousand, perhaps, who act under those five hundred, all feel in the same manner a proportionable rise in their own importance. Almost every individual of the governing party in America fills, at present, in his own fancy, a station superior, not only to what he had ever filled before, but to what he had ever expected to fill; and unless some new object of ambition is presented either to him or to his leaders, if he has the ordinary spirit of a man, he will die in defence of that station.

It is a remark of the president Hénault, that we now read with pleasure the account of many little transactions of the Ligue, which when they happened were not perhaps considered as very important pieces of news. But every man then, says he, fancied himself of some importance; and the innumerable memoirs which have come down to us from those times were, the greater part of them, written by people who took pleasure in recording and mag-

nifying events in which, they flattered themselves, they had been considerable actors. How obstinately the city of Paris upon that occasion defended itself, what a dreadful famine it supported rather than submit to the best and afterwards to the most beloved of all the French kings, is well known. The greater part of the citizens, or those who governed the greater part of them, fought in defence of their own importance, which they foresaw was to be at an end whenever the ancient government should be re-established. Our colonies, unless they can be induced to consent to a union, are very likely to defend themselves against the best of all mother countries, as obstinately as the city of Paris did against one of the best of kings.

The idea of representation was unknown in ancient times. When the people of one state were admitted to the right of citizenship in another, they had no other means of exercising that right but by coming in a body to vote and deliberate with the people of that other state. The admission of the greater part of the inhabitants of Italy to the privileges of Roman citizens, completely ruined the Roman republic. It was no longer possible to distinguish between who was and who was not a Roman citizen. No tribe could know its own members. A rabble of any kind could be introduced into the assemblies of the people, could drive out the real citizens, and decide upon the affairs of the republic as if they themselves had been such. But though America were to send fifty or sixty new representatives to Parliament, the

door-keeper of the House of Commons could not find any great difficulty in distinguishing between who was and who was not a member. Though the Roman constitution, therefore, was necessarily ruined by the union of Rome with the allied states of Italy, there is not the least probability that the British constitution would be hurt by the union of Great Britain with her colonies. That constitution, on the contrary, would be completed by it, and seems to be imperfect without it. The assembly which deliberates and decides concerning the affairs of every part of the empire, in order to be properly informed, ought certainly to have representatives from every part of it. That this union, however, could be easily effectuated, or that difficulties and great difficulties might not occur in the execution, I do not pretend. I have yet heard of none, however, which appear insurmountable. The principal, perhaps, arise not from the nature of things, but from the prejudices and opinions of the people both on this and on the other side of the Atlantic.

We, on this side the water are afraid lest the multitude of American representatives should overturn the balance of the constitution, and increase too much either the influence of the crown on the one hand, or the force of the democracy on the other. But if the number of American representatives were to be in proportion to the produce of American taxation, the number of people to be managed would increase exactly in proportion to the means

of managing them; and the means of managing to the number of people to be managed. The monarchical and democratical parts of the constitution would, after the union, stand exactly in the same degree of relative force with regard to one another as they had done before.

The people on the other side of the water are afraid lest their distance from the seat of government might expose them to many oppressions. But their representatives in parliament, of which the number ought from the first to be considerable, would easily be able to protect them from all oppression. The distance could not much weaken the dependency of the representative upon the constituent, and the former would still feel that he owed his seat in parliament, and all the consequence which he derived from it, to the good-will of the latter. It would be the interest of the former, therefore, to cultivate that good-will by complaining, with all the authority of a member of the legislature, of every outrage which any civil or military officer might be guilty of in those remote parts of the empire. The distance of America from the seat of government, besides, the natives of that country might flatter themselves, with some appearance of reason too, would not be of very long continuance. Such has hitherto been the rapid progress of that country in wealth, population, and improvement, that in the course of little more than a century, perhaps, the produce of American might exceed that of British taxation. The seat of

the empire would then naturally remove itself to that part of the empire which contributed most to the general defence and support of the whole.

The discovery of America and that of a passage to the East Indies by the Cape of Good Hope are the two greatest and most important events recorded in the history of mankind. Their consequences have already been very great; but, in the short period of between two and three centuries which has elapsed since these discoveries were made, it is impossible that the whole extent of their consequences can have been seen. What benefits, or what misfortunes to mankind may hereafter result from those great events, no human wisdom can foresee. By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyments, and to encourage one another's industry, their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have occasioned. These misfortunes, however, seem to have arisen rather from accident, than from anything in the nature of those events themselves. At the particular time when these discoveries were made, the superiority of force happened to be so great on the side of the Europeans, that they were enabled to commit with impunity every sort of injustice in those remote countries. Hereafter, perhaps, the natives of those

countries may grow stronger, or those of Europe may grow weaker, and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which, by inspiring mutual fear, can alone overawe the injustice of independent nations into some sort of respect for the rights of one another. But nothing seems more likely to establish this equality of force than that mutual communication of knowledge and of all sorts of improvements which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it.

In the mean time one of the principal effects of those discoveries has been to raise the mercantile system to a degree of splendour and glory which it could never otherwise have attained to. It is the object of that system to enrich a great nation rather by trade and manufactures than by the improvement and cultivation of land, rather by the industry of the towns than by that of the country. But in consequence of those discoveries, the commercial towns of Europe, instead of being the manufacturers and carriers for but a very small part of the world (that part of Europe which is washed by the Atlantic ocean, and the countries which lie round the Baltic and Mediterranean seas), have now become the manufacturers for the numerous and thriving cultivators of America, and the carriers, and in some respects the manufacturers too, for almost all the different nations of Asia, Africa, and America. Two new worlds have been opened to their industry, each

of them much greater, and more extensive than the old one, and the market of one of them growing still greater and greater every day. The countries which possess the colonies of America, and which trade directly to the East Indies, enjoy, indeed, the whole show and splendour of this great commerce. Other countries, however, notwithstanding all the invidious restraints by which it is meant to exclude them, frequently enjoy a greater share of the real benefit of it. The colonies of Spain and Portugal, for example, give more real encouragement to the industry of other countries than to that of Spain and Portugal. In the single article of linen alone the consumption of those colonies amounts, it is said, but I do not pretend to warrant the quantity, to more than three millions sterling a year. But this great consumption is almost entirely supplied by France, Flanders, Holland, and Germany. Spain and Portugal furnish but a small part of it. The capital which supplies the colonies with this great quantity of linen is annually distributed among, and furnishes a revenue to the inhabitants of those other countries. The profits of it only are spent in Spain and Portugal, where they help to support the sumptuous profusion of the merchants of Cadiz and Lisbon. Even the regulations by which each nation endeavours to secure to itself the exclusive trade of its own colonies, are frequently more hurtful to the countries in favour of which they are established than to those against which they are established

The unjust oppression of the industry of other countries, falls back, if I may say so, upon the heads of the oppressors, and crushes their industry more than it does that of those other countries. By those regulations, for example, the merchant of Hamburgh must send the linen which he destines for the American market to London, and he must bring back from thence the tobacco which he destines for the German market; because he can neither send the one directly to America, nor bring back the other directly from thence. By this restraint he is probably obliged to sell the one somewhat cheaper, and to buy the other somewhat dearer than he otherwise might have done; and his profits are probably somewhat abridged by means of it. In this trade, however, between Hamburgh and London, he certainly receives the returns of his capital much more quickly than he could possibly have done in the direct trade to America, even though we should suppose, what is by no means the case, that the payments of America were as punctual as those of London. In the trade, therefore, to which those regulations confine the merchant of Hamburgh, his capital can keep in constant employment a much greater quantity of German industry than it possibly could have done in the trade from which he is excluded. Though the one employment, therefore, may to him perhaps be less profitable than the other, it cannot be less advantageous to his country. It is quite otherwise with the employment into which the monopoly naturally attracts, if I may say so, the

capital of the London merchant. That employment may, perhaps, be more profitable to him than the greater part of other employments, but on account of the slowness of the returns, it cannot be more advantageous to his country.

After all the unjust attempts, therefore, of every country in Europe to engross to itself the whole advantage of the trade of its own colonies, no country has yet been able to engross to itself anything but the expense of supporting in time of peace, and of defending in time of war, the oppressive authority which it assumes over them. The inconveniencies resulting from the possession of its colonies, every country has engrossed to itself completely. The advantages resulting from their trade it has been obliged to share with many other countries.

At first sight, no doubt, the monopoly of the great commerce of America naturally seems to be an acquisition of the highest value. To the undiscerning eye of giddy ambition, it naturally presents itself amidst the confused scramble of politics and war, as a very dazzling object to fight for. The dazzling splendour of the object, however, the immense greatness of the commerce, is the very quality which renders the monopoly of it hurtful, or which makes one employment, in its own nature necessarily less advantageous to the country than the greater part of other employments, absorb a much greater proportion of the capital of the country than what would otherwise have gone to it.

The mercantile stock of every country, it has

been shown in the second book, naturally seeks, if one may say so, the employment most advantageous to that country. If it is employed in the carrying trade, the country to which it belongs becomes the emporium of the goods of all the countries whose trade that stock carries on. But the owner of that stock necessarily wishes to dispose of as great a part of those goods as he can at home. He thereby saves himself the trouble, risk, and expense, of exportation, and he will upon that account be glad to sell them at home, not only for a much smaller price, but with somewhat a smaller profit than he might expect to make by sending them abroad. He naturally, therefore, endeavours as much as he can to turn his carrying trade into a foreign trade of consumption. If his stock again is employed in a foreign trade of consumption, he will, for the same reason, be glad to dispose of at home as great a part as he can of the home goods, which he collects in order to export to some foreign market, and he will thus endeavour, as much as he can, to turn his foreign trade of consumption into a home trade. The mercantile stock of every country naturally courts in this manner the near, and shuns the distant employment; naturally courts the employment in which the returns are frequent, and shuns that in which they are distant and slow; naturally courts the employment in which it can maintain the greatest quantity of productive labour in the country to which it belongs, or in which its owner resides, and shuns that in which it can maintain

there the smallest quantity. It naturally courts the employment which in ordinary cases is most advantageous, and shuns that which in ordinary cases is least advantageous to that country.

But if in any of those distant employments, which in ordinary cases are less advantageous to the country, the profit should happen to rise somewhat higher than what is sufficient to balance the natural preference which is given to nearer employments, this superiority of profit will draw stock from those nearer employments, till the profits of all return to their proper level. This superiority of profit, however, is a proof that in the actual circumstances of the society, those distant employments are somewhat under-stocked in proportion to other employments, and that the stock of the society is not distributed in the properest manner among all the different employments carried on in it. It is a proof that something is either bought cheaper or sold dearer than it ought to be, and that some particular class of citizens is more or less oppressed either by paying more or by getting less than what is suitable to that equality, which ought to take place, and which naturally does take place, among all the different classes of them. Though the same capital never will maintain the same quantity of productive labour in a distant as in a near employment, yet a distant employment may be as necessary for the welfare of the society as a near one; the goods which the distant employment deals in being necessary, perhaps, for carrying on many of the nearer employments.

But if the profits of those who deal in such goods are above their proper level, those goods will be sold dearer than they ought to be, or somewhat above their natural price, and all those engaged in the nearer employments will be more or less oppressed by this high price. Their interest, therefore, in this case, requires that some stock should be withdrawn from those nearer employments, and turned towards that distant one, in order to reduce its profits to their proper level, and the price of the goods which it deals in to their natural price. In this extraordinary case, the public interest requires that some stock should be withdrawn from those employments which in ordinary cases are more advantageous, and turned towards one which in ordinary cases is less advantageous to the public; and in this extraordinary case, the natural interests and inclinations of men coincide as exactly with the public interest as in all other ordinary cases, and lead them to withdraw stock from the near, and to turn it towards the distant employment.

It is thus that the private interests and passions of individuals naturally dispose them to turn their stock towards the employments which in ordinary cases are most advantageous to the society. But if from this natural preference they should turn too much of it towards those employments, the fall of profit in them and the rise of it in all others immediately dispose them to alter this faulty distribution. Without any intervention of law, therefore, the private interests and passions of men naturally lead

them to divide and distribute the stock of every society, among all the different employments carried on in it, as nearly as possible in the proportion which is most agreeable to the interest of the whole society.

All the different regulations of the mercantile system necessarily derange more or less this natural and most advantageous distribution of stock. But those which concern the trade to America and the East Indies derange it perhaps more than any other; because the trade to those two great continents absorbs a greater quantity of stock than any two other branches of trade. The regulations, however, by which this derangement is effected in those two different branches of trade are not altogether the same. Monopoly is the great engine of both; but it is a different sort of monopoly. Monopoly of one kind or another, indeed, seems to be the sole engine of the mercantile system.

In the trade to America every nation endeavours to engross as much as possible the whole market of its own colonies, by fairly excluding all other nations from any direct trade to them. During the greater part of the sixteenth century, the Portuguese endeavoured to manage the trade to the East Indies in the same manner, by claiming the sole right of sailing in the Indian seas, on account of the merit of having first found out the road to them. The Dutch still continue to exclude all other European nations from any direct trade to their spice islands. Monopolies of this kind are evidently established against

all other European nations, who are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in somewhat dearer, than if they could import them themselves directly from the countries which produce them.

But since the fall of the power of Portugal, no European nation has claimed the exclusive right of sailing in the Indian seas, of which the principal ports are now open to the ships of all European nations. Except in Portugal, however, and within these few years in France, the trade to the East Indies has in every European country been subjected to an exclusive company. Monopolies of this kind are properly established against the very nation which erects them. The greater part of that nation are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in, somewhat dearer than if it was open and free to all their countrymen. Since the establishment of the English East India company, for example, the other inhabitants of England, over and above being excluded from the trade, must have paid in the price of the East India goods which they have consumed, not only for all the extraordinary profits which the company may have made upon those goods in consequence of their monopoly, but for all the extraordinary waste which the fraud and abuse, inseparable from the management of the

affairs of so great a company, must necessarily have occasioned. The absurdity of this second kind of monopoly, therefore, is much more manifest than that of the first.

Both these kinds of monopolies derange more or less the natural distribution of the stock of the society; but they do not always derange it in the same way.

Monopolies of the first kind always attract to the particular trade in which they are established, a greater proportion of the stock of the society than what would go to that trade of its own accord.

Monopolies of the second kind may sometimes attract stock towards the particular trade in which they are established, and sometimes repel it from that trade according to different circumstances. In poor countries they naturally attract towards that trade more stock than would otherwise go to it. In rich countries they naturally repel from it a good deal of stock which would otherwise go to it.

Such poor countries as Sweden and Denmark, for example, would probably have never sent a single ship to the East Indies, had not the trade been subjected to an exclusive company. The establishment of such a company necessarily encourages adventurers. Their monopoly secures them against all competitors in the home market, and they have the same chance for foreign markets with the traders of other nations. Their monopoly shows them the certainty of a great profit upon a considerable quantity of goods, and the chance of a considerable profit

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upon a great quantity. Without such extraordinary encouragement, the poor traders of such poor countries would probably never have thought of hazarding their small capitals in so very distant and uncertain an adventure as the trade to the East Indies must naturally have appeared to them.

Such a rich country as Holland, on the contrary, would probably, in the case of a free trade, send many more ships to the East Indies than it actually does. The limited stock of the Dutch East India Company probably repels from that trade many great mercantile capitals which would otherwise go to it. The mercantile capital of Holland is so great that it is, as it were, continually overflowing, sometimes into the public funds of foreign countries, sometimes into loans to private traders and adventurers of foreign countries, sometimes into the most round-about foreign trades of consumption, and sometimes into the carrying trade. All near employments being completely filled up, all the capital which can be placed in them with any tolerable profit being already placed in them, the capital of Holland necessarily flows towards the most distant employments. The trade to the East Indies, if it were altogether free, would probably absorb the greater part of this redundant capital. The East Indies offer a market both for the manufactures of Europe and for the gold and silver as well as for several other productions of America, greater and more extensive than both Europe and America put together.

Every derangement of the natural distribution of

stock is necessarily hurtful to the society in which it takes place; whether it be by repelling from a particular trade the stock which would otherwise go to it, or by attracting towards a particular trade that which would not otherwise come to it. If, without any exclusive company, the trade of Holland to the East Indies would be greater than it actually is, that country must suffer a considerable loss by part of its capital being excluded from the employment most convenient for that part. And in the same manner, if, without an exclusive company, the trade of Sweden and Denmark to the East Indies would be less than it actually is, or, what perhaps is more probable, would not exist at all, those two countries must likewise suffer a considerable loss by part of their capital being drawn into an employment which must be more or less unsuitable to their present circumstances. Better for them, perhaps, in their present circumstances, to buy East India goods of other nations, even though they should pay somewhat dearer, than to turn so great a part of their small capital to so very distant a trade, in which the returns are so very slow, in which that capital can maintain so small a quantity of productive labour at home, where productive labour is so much wanted, where so little is done, and where so much is to do.

Though without an exclusive company, therefore, a particular country should not be able to carry on any direct trade to the East Indies, it will not from thence follow that such a company ought to be established there, but only that such a country ought not

in these circumstances to trade directly to the East Indies. That such companies are not in general necessary for carrying on the East India trade, is sufficiently demonstrated by the experience of the Portuguese, who enjoyed almost the whole of it for more than a century together without any exclusive company.

No private merchant, it has been said, could well have capital sufficient to maintain factors and agents in the different ports of the East Indies, in order to provide goods for the ships which he might occasionally send thither; and yet, unless he was able to do this, the difficulty of finding a cargo might frequently make his ships lose the season for returning, and the expense of so long a delay would not only eat up the whole profit of the adventure, but frequently occasion a very considerable loss. This argument, however, if it proved anything at all, would prove that no one great branch of trade could be carried on without an exclusive company, which is contrary to the experience of all nations. There is no great branch of trade in which the capital of any one private merchant is sufficient for carrying on all the subordinate branches which must be carried on, in order to carry on the principal one. But when a nation is ripe for any great branch of trade, some merchants naturally turn their capitals towards the principal, and some towards the subordinate branches of it; and though all the different branches of it are in this manner carried on, yet it very seldom happens that they are all carried on by the capital of one

private merchant. If a nation, therefore, is ripe for the East India trade, a certain portion of its capital will naturally divide itself among all the different branches of that trade. Some of its merchants will find it for their interest to reside in the East Indies, and to employ their capitals there in providing goods for the ships which are to be sent out by other merchants who reside in Europe. The settlements which different European nations have obtained in the East Indies, if they were taken from the exclusive companies to which they at present belong, and put under the immediate protection of the sovereign, would render this residence both safe and easy, at least to the merchants of the particular nations to whom those settlements belong. If at any particular time that part of the capital of any country which of its own accord tended and inclined, if I may say so, towards the East India trade, was not sufficient for carrying on all those different branches of it, it would be a proof that, at that particular time, that country was not ripe for that trade, and that it would do better to buy for some time, even at a higher price, from other European nations, the East India goods it had occasion for, than to import them itself directly from the East Indies. What it might lose by the high price of those goods could seldom be equal to the loss which it would sustain by the distraction of a large portion of its capital from other employments more necessary, or more useful, or more suitable to its circumstances and situation, than a direct trade to the East Indies.

Though the Europeans possess many considerable settlements both upon the coast of Africa and in the East Indies, they have not yet established in either of those countries such numerous and thriving colonies as those in the islands and continent of America. Africa, however, as well as several of the countries comprehended under the general name of the East Indies, are inhabited by barbarous nations. But those nations were by no means so weak and defenceless as the miserable and helpless Americans; and in proportion to the natural fertility of the countries which they inhabited, they were besides much more populous. The most barbarous nations either of Africa or of the East Indies were shepherds; even the Hottentots were so. But the natives of every part of America, except Mexico and Peru, were only hunters; and the difference is very great between the number of shepherds and that of hunters whom the same extent of equally fertile territory can maintain. In Africa and the East Indies, therefore, it was more difficult to displace the natives, and to extend the European plantations over the greater part of the lands of the original inhabitants. The genius of exclusive companies, besides, is unfavourable, it has already been observed, to the growth of new colonies, and has probably been the principal cause of the little progress which they have made in the East Indies. The Portuguese carried on the trade both to Africa and the East Indies without any exclusive companies, and their settlements at Congo, Angola, and Benguela on the coast of Africa,

and at Goa in the East Indies, though much depressed by superstition and every sort of bad government, yet bear some faint resemblance to the colonies of America, and are partly inhabited by Portuguese who have been established there for several generations. The Dutch settlements at the Cape of Good Hope and at Batavia, are at present the most considerable colonies which the Europeans have established either in Africa or in the East Indies, and both these settlements are peculiarly fortunate in their situation. The Cape of Good Hope was inhabited by a race of people almost as barbarous and quite as incapable of defending themselves as the natives of America. It is besides the half-way house, if one may say so, between Europe and the East Indies, at which almost every European ship makes some stay both in going and returning. The supplying of those ships with every sort of fresh provisions, with fruit and sometimes with wine, affords alone a very extensive market for the surplus produce of the colonists. What the Cape of Good Hope is between Europe and every part of the East Indies, Batavia is between the principal countries of the East Indies. It lies upon the most frequented road from Indostan to China and Japan, and is nearly about mid-way upon that road. Almost all the ships too that sail between Europe and China touch at Batavia; and it is, over and above all this, the centre and principal mart of what is called the country trade of the East Indies; not only of that part of it which is carried on by Europeans, but of

that which is carried on by the native Indians; and vessels navigated by the inhabitants of China and Japan, of Tonquin, Malacca, Cochin-China, and the island of Celebes, are frequently to be seen in its port. Such advantageous situations have enabled those two colonies to surmount all the obstacles which the oppressive genius of an exclusive company may have occasionally opposed to their growth. They have enabled Batavia to surmount the additional disadvantage of perhaps the most unwholesome climate in the world.

The English and Dutch companies, though they have established no considerable colonies, except the two above mentioned, have both made considerable conquests in the East Indies. But in the manner in which they both govern their new subjects, the natural genius of an exclusive company has shown itself most distinctly. In the spice islands the Dutch are said to burn all the spiceries which a fertile season produces beyond what they expect to dispose of in Europe with such a profit as they think sufficient. In the islands where they have no settlements, they give a premium to those who collect the young blossoms and green leaves of the clove and nutmeg trees which naturally grow there, but which this savage policy has now, it is said, almost completely extirpated. Even in the islands where they have settlements they have very much reduced, it is said, the number of those trees. If the produce even of their own islands was much greater than what suited their market, the natives, they suspect, might

find means to convey some part of it to other nations; and the best way, they imagine, to secure their own monopoly, is to take care that no more shall grow than what they themselves carry to market. By different arts of oppression they have reduced the population of several of the Moluccas nearly to the number which is sufficient to supply with fresh provisions and other necessaries of life their own insignificant garrisons, and such of their ships as occasionally come there for a cargo of spices. Under the government even of the Portuguese, however, those islands are said to have been tolerably well inhabited. The English company have not yet had time to establish in Bengal so perfectly destructive a system. The plan of their government, however, has had exactly the same tendency. It has not been uncommon, I am well assured, for the chief, that is, the first clerk of a factory, to order a peasant to plough up a rich field of poppies, and sow it with rice or some other grain. The pretence was, to prevent a scarcity of provisions; but the real reason, to give the chief an opportunity of selling at a better price a large quantity of opium, which he happened then to have upon hand. Upon other occasions the order has been reversed; and a rich field of rice or other grain has been ploughed up, in order to make room for a plantation of poppies; when the chief foresaw that extraordinary profit was likely to be made by opium. The servants of the company have upon several occasions attempted to establish in their own favour the monopoly of some of the most im-

portant branches, not only of the foreign, but of the inland trade of the country. Had they been allowed to go on, it is impossible that they should not at some time or another have attempted to restrain the production of the particular articles of which they had thus usurped the monopoly, not only to the quantity which they themselves could purchase, but to that which they could expect to sell with such a profit as they might think sufficient. In the course of a century or two, the policy of the English company would in this manner have probably proved as completely destructive as that of the Dutch.

Nothing, however, can be more directly contrary to the real interest of those companies, considered as the sovereigns of the countries which they have conquered, than this destructive plan. In almost all countries the revenue of the sovereign is drawn from that of the people. The greater the revenue of the people, therefore, the greater the annual produce of their land and labour, the more they can afford to the sovereign. It is his interest, therefore, to increase as much as possible that annual produce. But if this is the interest of every sovereign, it is peculiarly so of one whose revenue, like that of the sovereign of Bengal, arises chiefly from a land-rent. That rent must necessarily be in proportion to the quantity and value of the produce, and both the one and the other must depend upon the extent of the market. The quantity will always be suited with more or less exactness to the consumption of those who can afford to pay for it, and the price which

they will pay will always be in proportion to the eagerness of their competition. It is the interest of such a sovereign, therefore, to open the most extensive market for the produce of his country, to allow the most perfect freedom of commerce, in order to increase as much as possible the number and the competition of buyers; and upon this account to abolish, not only all monopolies, but all restraints upon the transportation of the home produce from one part of the country to another, upon its exportation to foreign countries, or upon the importation of goods of any kind for which it can be exchanged. He is in this manner most likely to increase both the quantity and value of that produce, and consequently of his own share of it, or of his own revenue.

But a company of merchants are, it seems, incapable of considering themselves as sovereigns, even after they have become such. Trade, or buying in order to sell again, they still consider as their principal business; and by a strange absurdity, regard the character of the sovereign as but an appendix to that of the merchant, as something which ought to be made subservient to it, or by means of which they may be enabled to buy cheaper in India, and thereby to sell with a better profit in Europe. They endeavour for this purpose to keep out as much as possible all competitors from the markets of the countries which are subject to their government, and consequently to reduce, at least, some part of the surplus produce of those countries to what is barely sufficient for supplying their own demand, or

to what they can expect to sell in Europe with such a profit as they may think reasonable. Their mercantile habits draw them in this manner, almost necessarily, though perhaps insensibly, to prefer upon all ordinary occasions the little and transitory profit of the monopolist to the great and permanent revenue of the sovereign, and would gradually lead them to treat the countries subject to their government nearly as the Dutch treat the Moluccas. It is the interest of the East India Company considered as sovereigns, that the European goods which are carried to their Indian dominions should be sold there as cheap as possible; and that the Indian goods which are brought from thence should bring there as good a price, or should be sold there as dear as possible. But the reverse of this is their interest as merchants. As sovereigns, their interest is exactly the same with that of the country which they govern. As merchants, their interest is directly opposite to that interest.

But if the genius of such a government, even as to what concerns its direction in Europe, is in this manner essentially and perhaps incurably faulty, that of its administration in India is still more so. That administration is necessarily composed of a council of merchants, a profession no doubt extremely respectable, but which in no country in the world carries along with it that sort of authority which naturally overawes the people, and without force commands their willing obedience. Such a council can command obedience only by the military force

with which they are accompanied, and their government is therefore necessarily military and despotical. Their proper business, however, is that of merchants. It is to sell, upon their masters' account, the European goods consigned to them, and to buy in return Indian goods for the European market. It is to sell the one as dear and to buy the other as cheap as possible, and consequently to exclude as much as possible all rivals from the particular market where they keep their shop. The genius of the administration, therefore, so far as concerns the trade of the company, is the same as that of the direction. It tends to make government subservient to the interest of monopoly, and consequently to stunt the natural growth of some parts at least of the surplus produce of the country to what is barely sufficient for answering the demand of the company.

All the members of the administration, besides, trade more or less upon their own account, and it is in vain to prohibit them from doing so. Nothing can be more completely foolish than to expect that the clerks of a great counting-house at ten thousand miles distance, and consequently almost quite out of sight, should, upon a simple order from their masters, give up at once doing any sort of business upon their own account, abandon for ever all hopes of making a fortune, of which they have the means in their hands, and content themselves with the moderate salaries which those masters allow them, and which, moderate as they are, can seldom be augmented, being commonly as

large as the real profits of the company trade can afford. In such circumstances, to prohibit the servants of the company from trading upon their own account, can have scarce any other effect than to enable the superior servants, under pretence of executing their masters' order, to oppress such of the inferior ones as have had the misfortune to fall under their displeasure. The servants naturally endeavour to establish the same monopoly in favour of their own private trade as of the public trade of the company. If they are suffered to act as they could wish, they will establish this monopoly openly and directly, by fairly prohibiting all other people from trading in the articles in which they choose to deal; and this, perhaps, is the best and least oppressive way of establishing it. But if by an order from Europe they are prohibited from doing this, they will, notwithstanding, endeavour to establish a monopoly of the same kind, secretly and indirectly, in a way that is much more destructive to the country. They will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce which, by means of agents, either concealed, or at least not publicly avowed, they may choose to carry on. But the private trade of the servants will naturally extend to a much greater variety of articles than the public trade of the company. The public trade of the company extends no further than the trade with Europe, and comprehends a

part only of the foreign trade of the country. But the private trade of the servants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to stunt the natural growth of that part of the surplus produce which, in the case of a free trade, would be exported to Europe. That of the servants tends to stunt the natural growth of every part of the produce in which they choose to deal, of what is destined for home consumption, as well as of what is destined for exportation; and consequently to degrade the cultivation of the whole country, and to reduce the number of its inhabitants. It tends to reduce the quantity of every sort of produce, even that of the necessaries of life, whenever the servants of the company choose to deal in them, to what those servants can both afford to buy and expect to sell with such a profit as pleases them.

From the nature of their situation too the servants must be more disposed to support with rigorous severity their own interest against that of the country which they govern, than their masters can be to support theirs. The country belongs to their masters, who cannot avoid having some regard for the interest of what belongs to them. But it does not belong to the servants. The real interest of their masters, if they were capable of understanding it, is the same with that of the country*, and it

* The interest of every proprietor of India stock, however, is by no means the same with that of the country in the government of which his vote gives him some influence. See Book v. Chap. i. Part 3d.—A.

is from ignorance chiefly, and the meanness of mercantile prejudice, that they ever oppress it. But the real interest of the servants is by no means the same with that of the country, and the most perfect information would not necessarily put an end to their oppressions. The regulations accordingly which have been sent out from Europe, though they have been frequently weak, have upon most occasions been well-meaning. More intelligence and perhaps less good-meaning has sometimes appeared in those established by the servants in India. It is a very singular government in which every member of the administration wishes to get out of the country, and consequently to have done with the government, as soon as he can, and to whose interest, the day after he has left it and carried his whole fortune with him, it is perfectly indifferent though the whole country was swallowed up by an earthquake.

I mean not, however, by anything which I have here said, to throw any odious imputation upon the general character of the servants of the East India Company, and much less upon that of any particular persons. It is the system of government, the situation in which they are placed, that I mean to censure; not the character of those who have acted in it. They acted as their situation naturally directed, and they who have clamoured the loudest against them would, probably, not have acted better themselves. In war and negociation, the councils of Madras and Calcutta have upon several occasions conducted themselves with a resolution and deci-

sive wisdom which would have done honour to the senate of Rome in the best days of that republic. The members of those councils, however, had been bred to professions very different from war and politics. But their situation alone, without education, experience, or even example, seems to have formed in them all at once the great qualities which it required, and to have inspired them both with abilities and virtues which they themselves could not well know that they possessed. If upon some occasions, therefore, it has animated them to actions of magnanimity which could not well have been expected from them, we should not wonder if upon others it has prompted them to exploits of somewhat a different nature.

Such exclusive companies, therefore, are nuisances in every respect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government.

CHAPTER VIII.

Conclusion of the Mercantile System.

THOUGH the encouragement of exportation, and the discouragement of importation, are the two great engines by which the mercantile system proposes to enrich every country, yet with regard to some particular commodities it seems to follow an opposite plan: to discourage exportation and to encourage importation. Its ultimate object, however, it pretends, is always the same, to enrich the country by an advantageous balance of trade. It discourages the exportation of the materials of manufacture, and of the instruments of trade, in order to give our own workmen an advantage, and to enable them to undersell those of other nations in all foreign markets: and by restraining, in this manner, the exportation of a few commodities, of no great price, it proposes to occasion a much greater and more valuable exportation of others. It encourages the importation of the materials of manufacture, in order that our own people may be enabled to work them up more cheaply, and thereby prevent a greater and more valuable importation of the manufactured commodities. I do not observe, at least in our Statute Book, any encouragement

given to the importation of the instruments of trade. When manufactures have advanced to a certain pitch of greatness, the fabrication of the instruments of trade becomes itself the object of a great number of very important manufactures. To give any particular encouragement to the importation of such instruments, would interfere too much with the interest of those manufactures. Such importation, therefore, instead of being encouraged, has frequently been prohibited. Thus the importation of wool cards, except from Ireland, or when brought in as wreck or prize goods, was prohibited by the 3d of Edward IV.; which prohibition was renewed by the 39th of Elizabeth, and has been continued and rendered perpetual by subsequent laws.

The importation of the materials of manufacture has sometimes been encouraged by an exemption from the duties to which other goods are subject, and sometimes by bounties.

The importation of sheep's wool from several different countries, of cotton wool from all countries, of undressed flax, of the greater part of dyeing drugs, of the greater part of undressed hides from Ireland or the British colonies, of seal skins from the British Greenland fishery, of pig and bar iron from the British colonies, as well as of several other materials of manufacture, has been encouraged by an exemption from all duties, if properly entered at the customhouse. The private interest of our merchants and manufacturers may, perhaps, have ex-

torted from the legislature these exemptions, as well as the greater part of our other commercial regulations. They are, however, perfectly just and reasonable, and if, consistently with the necessities of the state, they could be extended to all the other materials of manufacture, the public would certainly be a gainer.

The avidity of our great manufacturers, however, has in some cases extended these exemptions a good deal beyond what can justly be considered as the rude materials of their work. By the 24 Geo. II. chap. 46, a small duty of only one penny the pound was imposed upon the importation of foreign brown linen yarn, instead of much higher duties to which it had been subjected before, viz. of sixpence the pound upon sail yarn, of one shilling the pound upon all French and Dutch yarn, and of two pounds thirteen shillings and fourpence upon the hundred weight of all spruce or Muscovia yarn. But our manufacturers were not long satisfied with this reduction. By the 29th of the same king, chap. 15, the same law which gave a bounty upon the exportation of British and Irish linen of which the price did not exceed eighteen pence the yard, even this small duty upon the importation of brown linen yarn was taken away. In the different operations, however, which are necessary for the preparation of linen yarn, a good deal more industry is employed, than in the subsequent operation of preparing linen cloth from linen yarn. To say nothing of the industry of the flax-growers and

flax-dressers, three or four spinners, at least, are necessary, in order to keep one weaver in constant employment; and more than four-fifths of the whole quantity of labour, necessary for the preparation of linen cloth, is employed in that of linen yarn; but our spinners are poor people, women commonly, scattered about in all different parts of the country, without support or protection. It is not by the sale of their work, but by that of the complete work of the weavers, that our great master manufacturers make their profits. As it is their interest to sell the complete manufacture as dear, so is it to buy the materials as cheap as possible. By extorting from the legislature bounties upon the exportation of their own linen, high duties upon the importation of all foreign linen, and a total prohibition of the home consumption of some sorts of French linen, they endeavour to sell their own goods as dear as possible. By encouraging the importation of foreign linen yarn, and thereby bringing it into competition with that which is made by our own people, they endeavour to buy the work of the poor spinners as cheap as possible. They are as intent to keep down the wages of their own weavers, as the earnings of the poor spinners, and it is by no means for the benefit of the workman, that they endeavour either to raise the price of the complete work, or to lower that of the rude materials. It is the industry which is carried on for the benefit of the rich and the powerful, that is principally encouraged by our mercantile system. That which

is carried on for the benefit of the poor and the indigent, is too often either neglected, or oppressed.

Both the bounty upon the exportation of linen and the exemption from duty upon the importation of foreign yarn, which were granted only for fifteen years, but continued by two different prolongations, expire with the end of the session of parliament which shall immediately follow the 24th of June, 1786.

The encouragement given to the importation of the materials of manufacture by bounties, has been principally confined to such as were imported from our American plantations.

The first bounties of this kind were those granted about the beginning of the present century, upon the importation of naval stores from America. Under this denomination were comprehended timber fit for masts, yards, and bowsprits; hemp; tar, pitch, and turpentine. The bounty, however, of one pound the ton upon masting timber, and that of six pounds the ton upon hemp, were extended to such as should be imported into England from Scotland. Both these bounties continued without any variation, at the same rate, till they were severally allowed to expire; that upon hemp on the 1st of January, 1741, and that upon masting-timber at the end of the session of Parliament immediately following the 24th June, 1781.

The bounties upon the importation of tar, pitch, and turpentine, underwent, during their continuance, several alterations. Originally that upon tar was

four pounds the ton; that upon pitch the same; and that upon turpentine, three pounds the ton. The bounty of four pounds the ton upon tar was afterwards confined to such as had been prepared in a particular manner; that upon other good, clean, and merchantable tar was reduced to two pounds four shillings the ton. The bounty upon pitch was likewise reduced to one pound; and that upon turpentine to one pound ten shillings the ton.

The second bounty upon the importation of any of the materials of manufacture, according to the order of time, was that granted by the 21 Geo. II. chap. 30, upon the importation of indigo from the British plantations. When the plantation indigo was worth three-fourths of the price of the best French indigo, it was by this act entitled to a bounty of sixpence the pound. This bounty, which, like most others, was granted only for a limited time, was continued by several prolongations, but was reduced to four-pence the pound. It was allowed to expire with the end of the session of parliament which followed the 25th March, 1781.

The third bounty of this kind was that granted (much about the time that we were beginning sometimes to court and sometimes to quarrel with our American colonies) by the 4 Geo. III. chap. 26, upon the importation of hemp, or undressed flax, from the British plantations. This bounty was granted for twenty-one years, from the 24th June, 1764, to the 24th June, 1785. For the first seven years it was to be at the rate of eight pounds the

ton, for the second at six pounds, and for the third at four pounds. It was not extended to Scotland, of which the climate (although hemp is sometimes raised there, in small quantities and of an inferior quality) is not very fit for that produce. Such a bounty upon the importation of Scotch flax into England would have been too great a discouragement to the native produce of the southern part of the united kingdom.

The fourth bounty of this kind, was that granted by the 5 Geo. III. chap. 45, upon the importation of wood from America. It was granted for nine years, from the 1st January, 1766, to the 1st January, 1775. During the first three years, it was to be for every hundred and twenty good deals, at the rate of one pound; and for every load containing fifty cubic feet of other squared timber, at the rate of twelve shillings. For the second three years, it was for deals, to be at the rate of fifteen shillings, and for other squared timber, at the rate of eight shillings; and for the third three years, it was for deals, to be at the rate of ten shillings, and for other squared timber, at the rate of five shillings.

The fifth bounty of this kind, was that granted by the 9 Geo. III. chap. 38, upon the importation of raw silk from the British plantations. It was granted for twenty-one years, from the 1st January, 1770, to the 1st January, 1791. For the first seven years it was to be at the rate of twenty-five pounds for every hundred pounds' value; for the second, at twenty pounds; and for the third, at fifteen pounds

The management of the silk-worm and the preparation of silk requires so much hand labour, and labour is so very dear in America, that even this great bounty, I have been informed, was not likely to produce any considerable effect.

The sixth bounty of this kind, was that granted by 11 Geo. III. chap. 50, for the importation of pipe, hogsheads, and barrel-staves and heading from the British plantations. It was granted for nine years, from 1st January, 1772, to the 1st January, 1781. For the first three years, it was for a certain quantity of each, to be at the rate of six pounds; for the second three years, at four pounds; and for the third three years, at two pounds.

The seventh and last bounty of this kind, was that granted by the 19 Geo. III. chap. 37, upon the importation of hemp from Ireland. It was granted in the same manner as that for the importation of hemp and undressed flax from America, for twenty-one years, from the 24th June, 1779, to the 24th June, 1800. This term is divided, likewise, into three periods of seven years each; and in each of those periods, the rate of the Irish bounty is the same with that of the American. It does not, however, like the American bounty, extend to the importation of undressed flax. It would have been too great a discouragement to the cultivation of that plant in Great Britain. When this last bounty was granted, the British and Irish legislatures were not in much better humour with one another, than the British and American had been before. But this

boon to Ireland, it is to be hoped, has been granted under more fortunate auspices, than all those to America.

The same commodities upon which we thus gave bounties, when imported from America, were subjected to considerable duties when imported from any other country. The interest of our American colonies was regarded as the same with that of the mother country. Their wealth was considered as our wealth. Whatever money was sent out to them, it was said, came all back to us by the balance of trade, and we could never become a farthing the poorer, by any expense which we could lay out upon them. They were our own in every respect, and it was an expense laid out upon the improvement of our own property, and for the profitable employment of our own people. It is unnecessary, I apprehend, at present to say any thing further, in order to expose the folly of a system, which fatal experience has now sufficiently exposed. Had our American colonies really been a part of Great Britain, those bounties might have been considered as bounties upon production, and would still have been liable to all the objections to which such bounties are liable, but to no other.

The exportation of the materials of manufacture is sometimes discouraged by absolute prohibitions, and sometimes by high duties.

Our woollen manufacturers have been more successful than any other class of workmen, in persuading the legislature that the prosperity of the

nation depended upon the success and extension of their particular business. They have not only obtained a monopoly against the consumers by an absolute prohibition of importing woollen cloths from any foreign country; but they have likewise obtained another monopoly against the sheep farmers and growers of wool, by a similar prohibition of the exportation of live sheep and wool. The severity of many of the laws which have been enacted for the security of the revenue is very justly complained of, as imposing heavy penalties upon actions which, antecedent to the statutes that declared them to be crimes, had always been understood to be innocent. But the cruellest of our revenue laws, I will venture to affirm, are mild and gentle, in comparison of some of those which the clamour of our merchants and manufacturers has extorted from the legislature, for the support of their own absurd and oppressive monopolies. Like the laws of Draco, these laws may be said to be all written in blood.

By the 8th of Elizabeth, chap. 3, the exporter of sheep, lambs, or rams, was for the first offence to forfeit all his goods for ever, to suffer a year's imprisonment, and then to have his left hand cut off in a market-town upon a market-day, to be there nailed up; and for the second offence to be adjudged a felon, and to suffer death accordingly. To prevent the breed of our sheep from being propagated in foreign countries, seems to have been the object of this law. By the 13th and 14th of Charles II. chap. 18, the exportation of wool was made felony,

and the exporter subjected to the same penalties and forfeitures as a felon.

For the honour of the national humanity, it is to be hoped that neither of these statutes were ever executed. The first of them, however, so far as I know, has never been directly repealed, and Serjeant Hawkins seems to consider it as still in force. It may, however, perhaps, be considered as virtually repealed by the 12th of Charles II. chap. 32, sect. 3, which, without expressly taking away the penalties imposed by former statutes, imposes a new penalty, viz., that of twenty shillings for every sheep exported, or attempted to be exported, together with the forfeiture of the sheep and of the owner's share of the sheep. The second of them was expressly repealed by the 7th and 8th of William III. chap. 28, sect. 4, by which it is declared that, "Whereas the statute of the 13th and 14th of King Charles II., made against the exportation of wool, among other things in the said act mentioned, doth enact the same to be deemed felony; by the severity of which penalty the prosecution of offenders hath not been so effectually put in execution: Be it, therefore, enacted by the authority foresaid, that so much of the said act, which relates to the making the said offence felony, be repealed and made void."

The penalties, however, which are either imposed by this milder statute, or which, though imposed by former statutes, are not repealed by this one, are still sufficiently severe. Besides the forfeiture of the goods, the exporter incurs the penalty of three

shillings for every pound weight of wool either exported or attempted to be exported, that is, about four or five times the value. Any merchant or other person convicted of this offence is disabled from requiring any debt or account belonging to him from any factor or other person. Let his fortune be what it will, whether he is or is not able to pay those heavy penalties, the law means to ruin him completely. But as the morals of the great body of the people are not yet so corrupt as those of the contrivers of this statute, I have not heard that any advantage has ever been taken of this clause. If the person convicted of this offence is not able to pay the penalties within three months after judgment, he is to be transported for seven years, and if he returns before the expiration of that term, he is liable to the pains of felony, without benefit of clergy. The owner of the ship knowing this offence forfeits all his interest in the ship and furniture. The master and mariners knowing this offence forfeit all their goods and chattels, and suffer three months' imprisonment. By a subsequent statute the master suffers six months' imprisonment.

In order to prevent exportation, the whole inland commerce of wool is laid under very burdensome and oppressive restrictions. It cannot be packed in any box, barrel, cask, case, chest, or any other package, but only in packs of leather or pack-cloth, on which must be marked on the outside the words *wool* or *yarn*, in large letters not less than three inches long, on pain of forfeiting the same and the

package, and three shillings for every pound weight, to be paid by the owner or packer. It cannot be loaden on any horse or cart, or carried by land within five miles of the coast, but between sun-rising and sun-setting, on pain of forfeiting the same, the horses and carriages. The hundred next adjoining to the sea-coast, out of or through which the wool is carried or exported, forfeits twenty pounds, if the wool is under the value of ten pounds; and if of greater value, then treble that value, together with treble costs, to be sued for within the year. The execution to be against any two of the inhabitants, whom the sessions must reimburse, by an assessment on the other inhabitants, as in the cases of robbery. And if any person compounds with the hundred for less than this penalty, he is to be imprisoned for five years; and any other person may prosecute. These regulations take place through the whole kingdom.

But in the particular counties of Kent and Sussex the restrictions are still more troublesome. Every owner of wool within ten miles of the sea-coast must give an account in writing, three days after shearing, to the next officer of the customs, of the number of his fleeces, and of the places where they are lodged. And before he removes any part of them, he must give the like notice of the number and weight of the fleeces, and of the name and abode of the person to whom they are sold, and of the place to which it is intended they should be carried. No person within fifteen miles of the sea, in the said counties, can buy any wool, before he enters into bond to the

king, that no part of the wool which he shall so buy shall be sold by him to any other person within fifteen miles of the sea. If any wool is found carrying towards the sea-side in the said counties, unless it has been entered and security given as aforesaid, it is forfeited, and the offender also forfeits three shillings for every pound weight. If any person lays any wool, not entered as aforesaid, within fifteen miles of the sea, it must be seized and forfeited, and if, after such seizure, any person shall claim the same, he must give security to the exchequer, that if he is cast upon trial he shall pay treble costs, besides all other penalties.

When such restrictions are imposed upon the inland trade, the coasting trade, we may believe, cannot be left very free. Every owner of wool who carrieth, or causeth to be carried, any wool to any port or place on the sea-coast, in order to be from thence transported by sea to any other place or port on the coast, must first cause an entry thereof to be made at the port from whence it is intended to be conveyed, containing the weight, marks, and number of the packages, before he brings the same within five miles of that port; on pain of forfeiting the same, and also the horses, carts, and other carriages; and also of suffering and forfeiting, as by the other laws in force against the exportation of wool. This law, however (1 Will. III. chap. 32), is so very indulgent as to declare, that "this shall not hinder any person from carrying his wool home from the place of shearing, though it be within five miles

of the sea, provided that in ten days after shearing, and before he remove the wool, he do under his hand certify, to the next officer of the customs, the true number of fleeces, and where it is housed; and do not remove the same, without certifying to such officer, under his hand, his intention so to do, three days before." Bond must be given that the wool to be carried coastways is to be landed at the particular port for which it is entered outwards; and if any part of it is landed without the presence of an officer, not only the forfeiture of the wool is incurred as in other goods, but the usual additional penalty of three shillings for every pound weight is likewise incurred.

Our woollen manufacturers, in order to justify their demand of such extraordinary restrictions and regulations, confidently asserted that English wool was of a peculiar quality, superior to that of any other country; that the wool of other countries could not, without some mixture of it, be wrought up into any tolerable manufacture; that fine cloth could not be made without it; that England, therefore, if the exportation of it could be totally prevented, could monopolize to herself almost the whole woollen trade of the world; and thus, having no rivals, could sell at what price she pleased, and in a short time acquire the most incredible degree of wealth by the most advantageous balance of trade. This doctrine, like most other doctrines which are confidently asserted by any considerable number of people, was, and still continues to be, most impli-

cially believed by a much greater number; by almost all those who are either unacquainted with the woollen trade, or who have not made particular inquiries. It is, however, so perfectly false, that English wool is in any respect necessary for the making of fine cloth, that it is altogether unfit for it. Fine cloth is made altogether of Spanish wool. English wool cannot be even so mixed with Spanish wool as to enter into the composition without spoiling and degrading, in some degree, the fabric of the cloth.

It has been shown in the foregoing part of this work, that the effect of these regulations has been to depress the price of English wool, not only below what it naturally would be in the present times, but very much below what it actually was in the time of Edward III. The price of Scots wool, when in consequence of the union it became subject to the same regulations, is said to have fallen about one half. It is observed by the very accurate and intelligent author of the Memoirs of Wool, the Reverend Mr. John Smith, that the price of the best English wool in England is generally below what wool of a very inferior quality commonly sells for in the market of Amsterdam. To depress the price of this commodity below what may be called its natural and proper price, was the avowed purpose of those regulations; and there seems to be no doubt of their having produced the effect that was expected from them.

This reduction of price, it may perhaps be thought, by discouraging the growing of wool, must have re-

duced very much the annual produce of that commodity, though not below what it formerly was, yet below what, in the present state of things, it would probably have been, had it, in consequence of an open and free market, been allowed to rise to the natural and proper price. I am, however, disposed to believe, that the quantity of the annual produce cannot have been much, though it may perhaps have been a little, affected by these regulations. The growing of wool is not the chief purpose for which the sheep farmer employs his industry and stock. He expects his profit, not so much from the price of the fleece, as from that of the carcase; and the average or ordinary price of the latter must even, in many cases, make up to him whatever deficiency there may be in the average or ordinary price of the former. It has been observed in the foregoing part of this work, that "Whatever regulations tend to sink the price, either of wool or of raw hides, below what it naturally would be, must in an improved and cultivated country, have some tendency to raise the price of butcher's meat. The price both of the great and small cattle which are fed on improved and cultivated land, must be sufficient to pay the rent which the landlord, and the profit which the farmer, has reason to expect from improved and cultivated land. If it is not, they will soon cease to feed them. Whatever part of the price, therefore, is not paid by the wool and the hide must be paid by the carcase. The less there is paid for the one, the more must be paid for the other

In what manner this price is to be divided upon the different parts of the beast, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their interest as landlords and farmers cannot be much affected by such regulations, though their interest as consumers may, by the rise in the price of provisions." According to this reasoning, therefore, this degradation in the price of wool is not likely, in an improved and cultivated country, to occasion any diminution in the annual produce of that commodity; except so far as, by raising the price of mutton, it may somewhat diminish the demand for, and consequently the production of, that particular species of butcher's meat. Its effect, however, even in this way, it is probable, is not very considerable.

But though its effect upon the quantity of the annual produce may not have been very considerable, its effect upon the quality, it may perhaps be thought, must necessarily have been very great. The degradation in the quality of English wool, if not below what it was in former times, yet below what it naturally would have been in the present state of improvement and cultivation, must have been, it may perhaps be supposed, very nearly in proportion to the degradation of price. As the quality depends upon the breed, upon the pasture, and upon the management and cleanliness of the sheep, during the whole progress of the growth of the fleece, the attention to these circumstances, it may naturally enough be imagined, can never be

greater than in proportion to the recompense which the price of the fleece is likely to make for the labour and expense which that attention requires. It happens, however, that the goodness of the fleece depends, in a great measure, upon the health, growth, and bulk of the animal; the same attention which is necessary for the improvement of the carcase, is, in some respects, sufficient for that of the fleece. Notwithstanding the degradation of price, English wool is said to have been improved considerably during the course even of the present century. The improvement might perhaps have been greater if the price had been better; but the lowness of price, though it may have obstructed, yet certainly it has not altogether prevented that improvement.

The violence of these regulations, therefore, seems to have affected neither the quantity nor the quality of the annual produce of wool so much as it might have been expected to do (though I think it probable that it may have affected the latter a good deal more than the former); and the interest of the growers of wool, though it must have been hurt in some degree, seems, upon the whole, to have been much less hurt than could well have been imagined.

These considerations, however, will not justify the absolute prohibition of the exportation of wool. But they will fully justify the imposition of a considerable tax upon that exportation.

To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to

that justice and equality of treatment which the sovereign owes to all the different orders of his subjects. But the prohibition certainly hurts, in some degree, the interest of the growers of wool, for no other purpose but to promote that of the manufacturers.

Every different order of citizens is bound to contribute to the support of the sovereign or commonwealth. A tax of five, or even of ten shillings upon the exportation of every tod of wool, would produce a very considerable revenue to the sovereign. It would hurt the interest of the growers somewhat less than the prohibition, because it would not probably lower the price of wool quite so much. It would afford a sufficient advantage to the manufacturer, because, though he might not buy his wool altogether so cheap as under the prohibition, he would still buy it, at least, five or ten shillings cheaper than any foreign manufacturer could buy it, besides saving the freight and insurance, which the other would be obliged to pay. It is scarce possible to devise a tax which could produce any considerable revenue to the sovereign, and at the same time occasion so little inconveniency to anybody.

The prohibition, notwithstanding all the penalties which guard it, does not prevent the exportation of wool. It is exported, it is well known, in great quantities. The great difference between the price in the home and that in the foreign market, presents such a temptation to smuggling, that all the rigour

of the law cannot prevent it. This illegal exportation is advantageous to nobody but the smuggler. A legal exportation subject to a tax, by affording a revenue to the sovereign, and thereby saving the imposition of some other, perhaps, more burdensome and inconvenient taxes, might prove advantageous to all the different subjects of the state.

The exportation of fuller's earth, or fuller's clay, supposed to be necessary for preparing and cleansing the woollen manufactures, has been subjected to nearly the same penalties as the exportation of wool. Even tobacco-pipe clay, though acknowledged to be different from fuller's clay, yet, on account of their resemblance, and because fuller's clay might sometimes be exported as tobacco-pipe clay, has been laid under the same prohibitions and penalties.

By the 13th and 14th of Charles II. chap. 7, the exportation, not only of raw hides, but of tanned leather, except in the shape of boots, shoes, or slippers, was prohibited; and the law gave a monopoly to our bootmakers and shoemakers, not only against our graziers, but against our tanners. By subsequent statutes, our tanners have got themselves exempted from this monopoly, upon paying a small tax of only one shilling on the hundredweight of tanned leather, weighing one hundred and twelve pounds. They have obtained likewise the drawback of two-thirds of the excise duties imposed upon their commodity, even when exported without further manufacture. All manufactures of leather may be exported duty free; and the exporter is besides en-

titled to the drawback of the whole duties of excise. Our graziers still continue subject to the old monopoly. Graziers separated from one another, and dispersed through all the different corners of the country, cannot, without great difficulty, combine together for the purpose either of imposing monopolies upon their fellow-citizens, or of exempting themselves from such as may have been imposed upon them by other people. Manufacturers of all kinds, collected together in numerous bodies in all great cities, easily can. Even the horns of cattle are prohibited to be exported; and the two insignificant trades of the horner and comb-maker enjoy, in this respect, a monopoly against the graziers.

Restraints, either by prohibitions or by taxes, upon the exportation of goods which are partially, but not completely manufactured, are not peculiar to the manufacture of leather. As long as any thing remains to be done, in order to fit any commodity for immediate use and consumption, our manufacturers think that they themselves ought to have the doing of it. Woollen yarn and worsted are prohibited to be exported under the same penalties as wool. Even white cloths are subject to a duty upon exportation, and our dyers have so far obtained a monopoly against our clothiers. Our clothiers would probably have been able to defend themselves against it, but it happens that the greater part of our principal clothiers are themselves likewise dyers. Watch-cases, clock-cases, and dial-plates for clocks and watches, have been prohibited

to be exported. Our clockmakers and watchmakers are, it seems, unwilling that the price of this sort of workmanship should be raised upon them by the competition of foreigners.

By some old statutes of Edward III., Henry VIII., and Edward VI., the exportation of all metals was prohibited. Lead and tin were alone excepted, probably on account of the great abundance of those metals; in the exportation of which, a considerable part of the trade of the kingdom in those days consisted. For the encouragement of the mining trade, the 5th of William and Mary, chap. 17, exempted from this prohibition iron, copper, and mundic metal made from British ore. The exportation of all sorts of copper bars, foreign as well as British, was afterwards permitted by the 9th and 10th of William III. chap. 26. The exportation of unmanufactured brass, of what is called gun-metal, bell-metal, and shroff-metal, still continues to be prohibited. Brass manufactures of all sorts may be exported duty free.

The exportation of the materials of manufacture, where it is not altogether prohibited, is in many cases subjected to considerable duties.

By the 8th George I. chap. 15, the exportation of all goods the produce or manufacture of Great Britain, upon which any duties had been imposed by former statutes, was rendered duty free. The following goods, however, were excepted: Alum, lead, lead ore, tin, tanned leather, copperas, coals, wool, cards, white woollen cloths, lapis calaminaris,

skins of all sorts, glue, coney hair or wool, hares' wool, hair of all sorts, horses, and litharge of lead. If you except horses, all these are either materials of manufacture, or incomplete manufactures (which may be considered as materials for still further manufacture), or instruments of trade. This statute leaves them subject to all the old duties which had ever been imposed upon them, the old subsidy and one per cent. outwards.

By the same statute a great number of foreign drugs for dyers' use are exempted from all duties upon importation. Each of them, however, is afterwards subjected to a certain duty, not indeed a very heavy one, upon exportation. Our dyers, it seems, while they thought it for their interest to encourage the importation of those drugs, by an exemption from all duties, thought it likewise for their own interest to throw some small discouragement upon their exportation. The avidity, however, which suggested this notable piece of mercantile ingenuity, most probably disappointed itself of its object. It necessarily taught the importers to be more careful than they might otherwise have been, that their importation should not exceed what was necessary for the supply of the home market. The home market was at all times likely to be more scantily supplied; the commodities were at all times likely to be somewhat dearer there than they would have been, had the exportation been rendered as free as the importation.

By the abovementioned statute, gum senega or

gum arabic, being among the enumerated dyeing drugs, might be imported duty free. They were subjected, indeed, to a small poundage duty, amounting only to threepence in the hundredweight upon their re-exportation. France enjoyed, at that time, an exclusive trade to the country most productive of those drugs, that which lies in the neighbourhood of the Senegal; and the British market could not be easily supplied by the immediate importation of them from the place of growth. By the 25th Geo. II., therefore, gum senega was allowed to be imported (contrary to the general dispositions of the act of navigation) from any part of Europe. As the law, however, did not mean to encourage this species of trade, so contrary to the general principles of the mercantile policy of England, it imposed a duty of ten shillings the hundredweight upon such importation, and no part of this duty was to be afterwards drawn back upon its exportation. The successful war which began in 1755 gave Great Britain the same exclusive trade to those countries which France had enjoyed before. Our manufacturers, as soon as the peace was made, endeavoured to avail themselves of this advantage, and to establish a monopoly in their own favour, both against the growers, and against the importers of this commodity. By the 5th Geo. III., therefore, chap. 37, the exportation of gum senega from his Majesty's dominions in Africa was confined to Great Britain, and was subjected to all the same restrictions, regulations, forfeitures, and penalties as that of the enu-

merated commodities of the British colonies in America and the West Indies. Its importation, indeed, was subjected to a small duty of sixpence the hundredweight, but its re-exportation was subjected to the enormous duty of one pound ten shillings the hundredweight. It was the intention of our manufacturers that the whole produce of those countries should be imported into Great Britain, and in order that they themselves might be enabled to buy it at their own price, that no part of it should be exported again, but at such an expense as would sufficiently discourage that exportation. Their avidity, however, upon this, as well as upon many other occasions, disappointed itself of its object. This enormous duty presented such a temptation to smuggling, that great quantities of this commodity were clandestinely exported, probably to all the manufacturing countries of Europe, but particularly to Holland, not only from Great Britain, but from Africa. Upon this account, by the 14 Geo. III. chap. 10, this duty upon exportation was reduced to five shillings the hundredweight.

In the book of rates, according to which the old subsidy was levied, beaver-skins were estimated at six shillings and eightpence a piece, and the different subsidies and imposts, which before the year 1722 had been laid upon their importation, amounted to one-fifth part of the rate, or to sixteenpence upon each skin; all of which, except half the old subsidy, amounting only to twopence, was drawn back upon

exportation. This duty upon the importation of so important a material of manufacture had been thought too high, and, in the year 1722, the rate was reduced to two shillings and sixpence, which reduced the duty upon importation to sixpence, and of this only one-half was to be drawn back upon exportation. The same successful war put the country most productive of beaver under the dominion of Great Britain, and beaver-skins being among the enumerated commodities, their exportation from America was consequently confined to the market of Great Britain. Our manufacturers soon bethought themselves of the advantage which they might make of this circumstance, and in the year 1764, the duty upon the importation of beaver-skin was reduced to one penny, but the duty upon exportation was raised to sevenpence each skin, without any drawback of the duty upon importation. By the same law, a duty of eighteenpence the pound was imposed upon the exportation of beaver-wool or wombs, without making any alteration in the duty upon the importation of that commodity, which when imported by British and in British shipping, amounted at that time to between fourpence and fivepence the piece.

Coals may be considered both as a material of manufacture and as an instrument of trade. Heavy duties, accordingly, have been imposed upon their exportation, amounting at present (1783) to more than five shillings the ton, or to more than fifteen shillings the chaldron, Newcastle measure; which

is in most cases more than the original value of the commodity at the coal-pit, or even at the shipping port for exportation.

The exportation, however, of the instruments of trade, properly so called, is commonly restrained, not by high duties, but by absolute prohibitions. Thus by the 7th and 8th of William III. chap. 20, sect. 8, the exportation of frames or engines for knitting gloves or stockings is prohibited under the penalty, not only of the forfeiture of such frames or engines, so exported, or attempted to be exported, but of forty pounds, one-half to the king, the other to the person who shall inform or sue for the same. In the same manner, by the 14 Geo. III., chap. 71, the exportation to foreign parts, of any utensils made use of in the cotton, linen, woollen, and silk manufactures, is prohibited under the penalty, not only of the forfeiture of such utensils, but of two hundred pounds, to be paid by the person who shall offend in this manner, and likewise of two hundred pounds to be paid by the master of the ship who shall knowingly suffer such utensils to be loaded on board his ship.

When such heavy penalties were imposed upon the exportation of the dead instruments of trade, it could not well be expected that the living instrument, the artificer, should be allowed to go free. Accordingly, by the 5th Geo. I. chap. 27, the person who shall be convicted of enticing any artificer of, or in any of the manufactures of Great Britain, to go into any foreign parts, in order to practise or

teach his trade, is liable for the first offence to be fined in any sum not exceeding one hundred pounds, and to three months' imprisonment, and until the fine shall be paid; and for the second offence, to be fined in any sum at the discretion of the court, and to imprisonment for twelve months, and until the fine shall be paid. By the 23rd Geo. II. chap. 13, this penalty is increased for the first offence to five hundred pounds for every artificer so enticed, and to twelve months' imprisonment, and until the fine shall be paid; and for the second offence, to one thousand pounds, and to two years' imprisonment, and until the fine shall be paid.

By the former of those two statutes, upon proof that any person has been enticing any artificer, or that any artificer has promised or contracted to go into foreign parts for the purposes aforesaid, such artificer may be obliged to give security at the discretion of the court, that he shall not go beyond the seas, and may be committed to prison until he give such security.

If any artificer has gone beyond the seas, and is exercising or teaching his trade in any foreign country, upon warning being given to him by any of his majesty's ministers or consuls abroad, or by one of his majesty's secretaries of state for the time being, if he does not, within six months after such warning, return into this realm, and from thenceforth abide and inhabit continually within the same, he is from thenceforth declared incapable of taking any legacy devised to him within this kingdom, or

of being executor or administrator to any person, or of taking any lands within this kingdom by descent, devise, or purchase. He likewise forfeits to the king, all his lands, goods and chattels, is declared an alien in every respect, and is put out of the king's protection.

It is unnecessary, I imagine, to observe how contrary such regulations are to the boasted liberty of the subject, of which we affect to be so very jealous; but which, in this case, is so plainly sacrificed to the futile interests of our merchants and manufacturers.

The laudable motive of all these regulations, is to extend our own manufactures, not by their own improvement, but by the depression of those of all our neighbours, and by putting an end, as much as possible, to the troublesome competition of such odious and disagreeable rivals. Our master manufacturers think it reasonable, that they themselves should have the monopoly of the ingenuity of all their countrymen. Though by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible, they are unwilling, however, that any part of this small number should go abroad to instruct foreigners.

Consumption is the sole end and purpose of all production; and the interest of the producer ought

to be attended to, only so far as it may be necessary for promoting that of the consumer.

The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce.

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth, or manufacture, the interest of the home-consumer is evidently sacrificed to that of the producer. It is altogether for the benefit of the latter, that the former is obliged to pay that enhancement of price which this monopoly almost always occasions.

It is altogether for the benefit of the producer that bounties are granted upon the exportation of some of his productions. The home-consumer is obliged to pay, first, the tax which is necessary for paying the bounty, and secondly, the still greater tax which necessarily arises from the enhancement of the price of the commodity in the home market.

By the famous treaty of commerce with Portugal, the consumer is prevented by high duties from purchasing of a neighbouring country, a commodity which our own climate does not produce, but is obliged to purchase it of a distant country, though it is acknowledged that the commodity of the distant country is of a worse quality than that of the

near one. The home-consumer is obliged to submit to this inconveniency, in order that the producer may import into the distant country some of his productions upon more advantageous terms than he would otherwise have been allowed to do. The consumer, too, is obliged to pay whatever enhancement in the price of those very productions this forced exportation may occasion in the home market.

But in the system of laws which has been established for the management of our American and West Indian colonies, the interest of the home-consumer has been sacrificed to that of the producer with a more extravagant profusion than in all our other commercial regulations. A great empire has been established for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers all the goods with which these could supply them. For the sake of that little enhancement of price which this monopoly might afford our producers, the home-consumers have been burthened with the whole expense of maintaining and defending that empire. For this purpose, and for this purpose only, in the two last wars, more than two hundred millions have been spent, and a new debt of more than a hundred and seventy millions has been contracted over and above all that had been expended for the same purpose in former wars. The interest of this debt alone is not only greater than the whole extraordinary profit, which it ever could be pretended

was made by the monopoly of the colony trade, but than the whole value of that trade, or than the whole value of the goods, which at an average have been annually exported to the colonies.

It cannot be very difficult to determine who have been the contrivers of this whole mercantile system; not the consumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class our merchants and manufacturers have been by far the principal architects. In the mercantile regulations, which have been taken notice of in this chapter, the interest of our manufacturers has been most peculiarly attended to; and the interest, not so much of the consumers as that of some other sets of producers, has been sacrificed to it.

CHAPTER IX.

Of the Agricultural Systems, or of those Systems of Political Economy, which represent the Produce of Land as either the sole or the principal Source of the Revenue and Wealth of every Country.

The agricultural systems of political economy will not require so long an explanation as that which I have thought it necessary to bestow upon the mercantile or commercial system.

That system which represents the produce of land as the sole source of the revenue and wealth of every country has, so far as I know, never been adopted by any nation, and it at present exists only in the speculations of a few men of great learning and ingenuity in France. It would not, surely, be worth while to examine at great length the errors of a system which never has done, and probably never will do any harm in any part of the world. I shall endeavour to explain, however, as distinctly as I can, the great outlines of this very ingenious system.

Mr. Colbert, the famous minister of Louis XIV., was a man of probity, of great industry, and knowledge of detail; of great experience and acuteness in the examination of public accounts, and of abi-

lities, in short, every way fitted for introducing method and good order into the collection and expenditure of the public revenue. That minister had unfortunately embraced all the prejudices of the mercantile system, in its nature and essence a system of restraint and regulation, and such as could scarce fail to be agreeable to a laborious and plodding man of business, who had been accustomed to regulate the different departments of public offices, and to establish the necessary checks and controls for confining each to its proper sphere. The industry and commerce of a great country he endeavoured to regulate upon the same model as the departments of a public office; and instead of allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice, he bestowed upon certain branches of industry extraordinary privileges, while he laid others under as extraordinary restraints. He was not only disposed, like other European ministers, to encourage more the industry of the towns than that of the country, but, in order to support the industry of the towns, he was willing even to depress and keep down that of the country. In order to render provisions cheap to the inhabitants of the towns, and thereby to encourage manufactures and foreign commerce, he prohibited altogether the exportation of corn, and thus excluded the inhabitants of the country from every foreign market for by far the most important part of the produce of their industry. This pro-

hibition, joined to the restraints imposed by the ancient provincial laws of France upon the transportation of corn from one province to another, and to the arbitrary and degrading taxes which are levied upon the cultivators in almost all the provinces, discouraged and kept down the agriculture of that country very much below the state to which it would naturally have risen in so very fertile a soil and so very happy a climate. This state of discouragement and depression was felt more or less in every different part of the country, and many different inquiries were set on foot concerning the causes of it. One of those causes appeared to be the preference given, by the institutions of Mr. Colbert, to the industry of the towns above that of the country.

If the rod be bent too much one way, says the proverb, in order to make it straight you must bend it as much the other. The French philosophers, who have proposed the system which represents agriculture as the sole source of the revenue and wealth of every country, seem to have adopted this proverbial maxim; and as in the plan of Mr. Colbert the industry of the towns was certainly overvalued in comparison with that of the country, so in their system it seems to be as certainly undervalued.

The different orders of people who have ever been supposed to contribute in any respect towards the annual produce of the land and labour of the country, they divide into three classes. The first is the class of the proprietors of land. The second is the class

of the cultivators, of farmers and country labourers, whom they honour with the peculiar appellation of the productive class. The third is the class of artificers, manufacturers and merchants, whom they endeavour to degrade by the humiliating appellation of the barren or unproductive class.

The class of proprietors contributes to the annual produce by the expense which they may occasionally lay out upon the improvement of the land, upon the buildings, drains, enclosures and other ameliorations, which they may either make or maintain upon it, and by means of which the cultivators are enabled, with the same capital, to raise a greater produce, and consequently to pay a greater rent. This advanced rent may be considered as the interest or profit due to the proprietor upon the expense or capital which he thus employs in the improvement of his land. Such expenses are in this system called ground expenses (dépenses foncières).

The cultivators or farmers contribute to the annual produce by what are in this system called the original and annual expenses (dépenses primitives et dépenses annuelles) which they lay out upon the cultivation of the land. The original expenses consist in the instruments of husbandry, in the stock of cattle, in the seed, and in the maintenance of the farmer's family, servants and cattle, during at least a great part of the first year of his occupancy, or till he can receive some return from the land. The annual expenses consist in the seed, in the wear and tear of the instruments of husbandry, and in the annual

maintenance of the farmer's servants and cattle, and of his family too, so far as any part of them can be considered as servants employed in cultivation. That part of the produce of the land which remains to him after paying the rent, ought to be sufficient, first, to replace to him within a reasonable time, at least during the term of his occupancy, the whole of his original expenses, together with the ordinary profits of stock; and, secondly, to replace to him annually the whole of his annual expenses, together likewise with the ordinary profits of stock. Those two sorts of expenses are two capitals which the farmer employs in cultivation; and unless they are regularly restored to him, together with a reasonable profit, he cannot carry on his employment upon a level with other employments; but, from a regard to his own interest, must desert it as soon as possible, and seek some other. That part of the produce of the land which is thus necessary for enabling the farmer to continue his business, ought to be considered as a fund sacred to cultivation, which if the landlord violates, he necessarily reduces the produce of his own land, and in a few years not only disables the farmer from paying this racked rent, but from paying the reasonable rent which he might otherwise have got for his land. The rent which properly belongs to the landlord, is no more than the neat produce which remains after paying in the completest manner all the necessary expenses which must be previously laid out in order to raise the gross, or the whole produce. It is because the labour

of the cultivators, over and above paying completely all those necessary expenses, affords a neat produce of this kind, that this class of people are in this system peculiarly distinguished by the honourable appellation of the productive class. Their original and annual expenses are for the same reason called, in this system, productive expenses, because, over and above replacing their own value, they occasion the annual reproduction of this neat produce.

The ground expenses, as they are called, or what the landlord lays out upon the improvement of his land, are in this system too honoured with the appellation of productive expenses. Till the whole of those expenses, together with the ordinary profits of stock, have been completely repaid to him by the advanced rent which he gets from his land, that advanced rent ought to be regarded as sacred and inviolable, both by the church and by the king; ought to be subject neither to tithe nor to taxation. If it is otherwise, by discouraging the improvement of land, the church discourages the future increase of her own tithes, and the king the future increase of his own taxes. As in a well-ordered state of things, therefore, those ground expenses, over and above reproducing in the completest manner their own value, occasion likewise after a certain time a reproduction of a neat produce, they are in this system considered as productive expenses.

The ground expenses of the landlord, however, together with the original and the annual expenses of the farmer, are the only three sorts of expenses

which in this system are considered as productive. All other expenses and all other orders of people, even those who in the common apprehensions of men are regarded as the most productive, are in this account of things represented as altogether barren and unproductive.

Artificers and manufacturers, in particular, whose industry, in the common apprehensions of men, increases so much the value of the rude produce of land, are in this system represented as a class of people altogether barren and unproductive. Their labour, it is said, replaces only the stock which employs them, together with its ordinary profits. That stock consists in the materials, tools, and wages, advanced to them by their employer; and is the fund destined for their employment and maintenance. Its profits are the fund destined for the maintenance of their employer. Their employer, as he advances to them the stock of materials, tools, and wages necessary for their employment, so he advances to himself what is necessary for his own maintenance, and this maintenance he generally proportions to the profit which he expects to make by the price of their work. Unless its price repays to him the maintenance which he advances to himself, as well as the materials, tools and wages which he advances to his workmen, it evidently does not repay to him the whole expense which he lays out upon it. The profits of manufacturing stock, therefore, are not, like the rent of land, a neat produce which remains after completely repaying the whole expense which

must be laid out in order to obtain them. The stock of the farmer yields him a profit as well as that of the master manufacturer; and it yields a rent likewise to another person, which that of the master manufacturer does not. The expense, therefore, laid out in employing and maintaining artificers and manufacturers, does no more than continue, if one may say so, the existence of its own value, and does not produce any new value. It is therefore altogether a barren and unproductive expense. The expense, on the contrary, laid out in employing farmers and country labourers, over and above continuing the existence of its own value, produces a new value, the rent of the landlord. It is therefore a productive expense.

Mercantile stock is equally barren and unproductive with manufacturing stock. It only continues the existence of its own value, without producing any new value. Its profits are only the repayment of the maintenance which its employer advances to himself during the time that he employs it, or till he receives the returns of it. They are only the repayment of a part of the expense which must be laid out in employing it.

The labour of artificers and manufacturers never adds anything to the value of the whole annual amount of the rude produce of the land. It adds indeed greatly to the value of some particular parts of it. But the consumption which in the meantime it occasions of other parts, is precisely equal to the value which it adds to those parts; so that the

value of the whole amount is not, at any one moment of time, in the least augmented by it. The person who works the lace of a pair of fine ruffles, for example, will sometimes raise the value of perhaps a pennyworth of flax to thirty pounds sterling. But though at first sight he appears thereby to multiply the value of a part of the rude produce about seven thousand and two hundred times, he in reality adds nothing to the value of the whole annual amount of the rude produce. The working of that lace costs him perhaps two years' labour. The thirty pounds which he gets for it when it is finished, is no more than the repayment of the subsistence which he advances to himself during the two years that he is employed about it. The value which, by every day's, month's, or year's labour, he adds to the flax, does no more than replace the value of his own consumption during that day, month, or year. At no moment of time, therefore, does he add anything to the value of the whole annual amount of the rude produce of the land: the portion of that produce which he is continually consuming, being always equal to the value which he is continually producing. The extreme poverty of the greater part of the persons employed in this expensive, though trifling manufacture, may satisfy us that the price of their work does not in ordinary cases exceed the value of their subsistence. It is otherwise with the work of farmers and country labourers. The rent of the landlord is a value, which, in ordinary cases, it is continually producing, over and above re-

placing, in the most complete manner, the whole consumption, the whole expense laid out upon the employment and maintenance both of the workmen and of their employer.

Artificers, manufacturers and merchants, can augment the revenue and wealth of their society, by parsimony only; or, as it is expressed in this system, by privation, that is, by depriving themselves of a part of the funds destined for their own subsistence. They annually reproduce nothing but those funds. Unless, therefore, they annually save some part of them, unless they annually deprive themselves of the enjoyment of some part of them, the revenue and wealth of their society can never be in the smallest degree augmented by means of their industry. Farmers and country labourers, on the contrary, may enjoy completely the whole funds destined for their own subsistence, and yet augment at the same time the revenue and wealth of their society. Over and above what is destined for their own subsistence, their industry annually affords a neat produce, of which the augmentation necessarily augments the revenue and wealth of their society. Nations, therefore, which, like France or England, consist in a great measure of proprietors and cultivators, can be enriched by industry and enjoyment. Nations, on the contrary, which, like Holland and Hamburgh, are composed chiefly of merchants, artificers and manufacturers, can grow rich only through parsimony and privation. As the interest of nations [illegible] circumstanced is very different, so is

likewise the common character of the people. In those of the former kind, liberality, frankness, and good fellowship, naturally make a part of that common character. In the latter, narrowness, meanness, and a selfish disposition, averse to all social pleasure and enjoyment.

The unproductive class, that of merchants, artificers and manufacturers, is maintained and employed altogether at the expense of the two other classes, of that of proprietors, and of that of cultivators. They furnish it both with the materials of its work and with the fund of its subsistence, with the corn and cattle which it consumes while it is employed about that work. The proprietors and cultivators finally pay both the wages of all the workmen of the unproductive class, and the profits of all their employers. Those workmen and their employers are properly the servants of the proprietors and cultivators. They are only servants who work without doors, as menial servants work within. Both the one and the other, however, are equally maintained at the expense of the same masters. The labour of both is equally unproductive. It adds nothing to the value of the sum total of the rude produce of the land. Instead of increasing the value of that sum total, it is a charge and expense which must be paid out of it.

The unproductive class, however, is not only useful, but greatly useful to the other two classes. By means of the industry of merchants, artificers and manufacturers, the proprietors and cultivators can

purchase both the foreign goods and the manufactured produce of their own country which they have occasion for, with the produce of a much smaller quantity of their own labour, than what they would be obliged to employ, if they were to attempt, in an awkward and unskilful manner, either to import the one or to make the other for their own use. By means of the unproductive class, the cultivators are delivered from many cares which would otherwise distract their attention from the cultivation of land. The superiority of produce, which, in consequence of this undivided attention, they are enabled to raise, is fully sufficient to pay the whole expense which the maintenance and employment of the unproductive class costs either the proprietors, or themselves. The industry of merchants, artificers and manufacturers, though in its own nature altogether unproductive, yet contributes in this manner indirectly to increase the produce of the land. It increases the productive powers of productive labour, by leaving it at liberty to confine itself to its proper employment, the cultivation of land; and the plough goes frequently the easier and the better by means of the labour of the man whose business is most remote from the plough.

It can never be the interest of the proprietors and cultivators to restrain or to discourage in any respect the industry of merchants, artificers and manufacturers. The greater the liberty which this unproductive class enjoys, the greater will be the competition in all the different trades which compose it,

and the cheaper will the other two classes be supplied, both with foreign goods and with the manufactured produce of their own country.

It can never be the interest of the unproductive class to oppress the other two classes. It is the surplus produce of the land, or what remains after deducting the maintenance, first, of the cultivators, and afterwards of the proprietors, that maintains and employs the unproductive class. The greater this surplus, the greater must likewise be the maintenance and employment of that class. The establishment of perfect justice, of perfect liberty, and of perfect equality, is the very simple secret which most effectually secures the highest degree of prosperity to all the three classes.

The merchants, artificers and manufacturers of those mercantile states which, like Holland and Hamburgh, consist chiefly of this unproductive class, are in the same manner maintained and employed altogether at the expense of the proprietors and cultivators of land. The only difference is, that those proprietors and cultivators are, the greater part of them, placed at a most inconvenient distance from the merchants, artificers and manufacturers whom they supply with the materials of their work and the fund of their subsistence, are the inhabitants of other countries, and the subjects of other governments.

Such mercantile states, however, are not only useful, but greatly useful to the inhabitants of those other countries. They fill up, in some measure, a very important void, and supply the place of the

merchants, artificers and manufacturers, whom the inhabitants of those countries ought to find at home, but whom, from some defect in their policy, they do not find at home.

It can never be the interest of those landed nations, if I may call them so, to discourage or distress the industry of such mercantile states, by imposing high duties upon their trade, or upon the commodities which they furnish. Such duties, by rendering those commodities dearer, could serve only to sink the real value of the surplus produce of their own land, with which, or, what comes to the same thing, with the price of which those commodities are purchased. Such duties could serve only to discourage the increase of that surplus produce, and consequently the improvement and cultivation of their own land. The most effectual expedient, on the contrary, for raising the value of that surplus produce, for encouraging its increase, and consequently the improvement and cultivation of their own land, would be to allow the most perfect freedom to the trade of all such mercantile nations.

This perfect freedom of trade would even be the most effectual expedient for supplying them, in due time, with all the artificers, manufacturers and merchants whom they wanted at home, and for filling up in the properest and most advantageous manner that very important void which they felt there.

The continual increase of the surplus produce of their land would, in due time, create a greater capi-

tal than what could be employed with the ordinary rate of profit in the improvement and cultivation of land; and the surplus part of it would naturally turn itself to the employment of artificers and manufacturers at home. But those artificers and manufacturers, finding at home both the materials of their work and the fund of their subsistence, might immediately, even with much less art and skill, be able to work as cheap as the little artificers and manufacturers of such mercantile states, who had both to bring from a greater distance. Even though, from want of art and skill, they might not for some time be able to work as cheap, yet, finding a market at home, they might be able to sell their work there as cheap as that of the artificers and manufacturers of such mercantile states, which could not be brought to that market but from so great a distance; and as their art and skill improved, they would soon be able to sell it cheaper. The artificers and manufacturers of such mercantile states, therefore, would immediately be rivalled in the market of those landed nations, and soon after undersold and jostled out of it altogether. The cheapness of the manufactures of those landed nations, in consequence of the gradual improvements of art and skill, would, in due time, extend their sale beyond the home market, and carry them to many foreign markets, from which they would in the same manner gradually jostle out many of the manufactures of such mercantile nations.

This continual increase both of the rude and

manufactured produce of those landed nations would in due time create a greater capital than could, with the ordinary rate of profit, be employed either in agriculture or in manufactures. The surplus of this capital would naturally turn itself to foreign trade, and be employed in exporting, to foreign countries, such parts of the rude and manufactured produce of its own country, as exceeded the demand of the home market. In the exportation of the produce of their own country, the merchants of a landed nation would have an advantage of the same kind over those of mercantile nations, which its artificers and manufacturers had over the artificers and manufacturers of such nations; the advantage of finding at home that cargo, and those stores and provisions, which the others were obliged to seek for at a distance. With inferior art and skill in navigation, therefore, they would be able to sell that cargo as cheap in foreign markets as the merchants of such mercantile nations; and with equal art and skill they would be able to sell it cheaper. They would soon, therefore, rival those mercantile nations in this branch of foreign trade, and in due time would jostle them out of it altogether.

According to this liberal and generous system, therefore, the most advantageous method in which a landed nation can raise up artificers, manufacturers and merchants of its own, is to grant the most perfect freedom of trade to the artificers, manufacturers and merchants of all other nations. It thereby raises the value of the surplus produce of

its own land, of which the continual increase gradually establishes a fund, which in due time necessarily raises up all the artificers, manufacturers and merchants whom it has occasion for.

When a landed nation, on the contrary, oppresses either by high duties or by prohibitions the trade of foreign nations, it necessarily hurts its own interest in two different ways. First, by raising the price of all foreign goods and of all sorts of manufactures, it necessarily sinks the real value of the surplus produce of its own land, with which, or, what comes to the same thing, with the price of which, it purchases those foreign goods and manufactures. Secondly, by giving a sort of monopoly of the home market to its own merchants, artificers and manufacturers, it raises the rate of mercantile and manufacturing profit, in proportion to that of agricultural profit, and consequently either draws from agriculture a part of the capital which had before been employed in it, or hinders from going to it a part of what would otherwise have gone to it. This policy, therefore, discourages agriculture in two different ways; first, by sinking the real value of its produce, and thereby lowering the rate of its profit; and, secondly, by raising the rate of profit in all other employments. Agriculture is rendered less advantageous, and trade and manufactures more advantageous than they otherwise would be; and every man is tempted by his own interest to turn, as much as he can, both his capital

and his industry from the former to the latter employments.

Though, by this oppressive policy, a landed nation should be able to raise up artificers, manufacturers and merchants of its own, somewhat sooner than it could do by the freedom of trade; a matter, however, which is not a little doubtful; yet it would raise them up, if one may say so, prematurely, and before it was perfectly ripe for them. By raising up too hastily one species of industry, it would depress another more valuable species of industry. By raising up too hastily a species of industry which only replaces the stock which employs it, together with the ordinary profit, it would depress a species of industry which, over and above replacing that stock with its profit, affords likewise a neat produce, a free rent to the landlord. It would depress productive labour, by encouraging too hastily that labour which is altogether barren and unproductive.

In what manner, according to this system, the sum total of the annual produce of the land is distributed among the three classes above mentioned, and in what manner the labour of the unproductive class does no more than replace the value of its own consumption, without increasing in any respect the value of that sum total, is represented by Mr. Quesnai, the very ingenious and profound author of this system, in some arithmetical formularies. The first of these formularies, which by way of eminence he

peculiarly distinguishes by the name of the Economical Table, represents the manner in which he supposes this distribution takes place, in a state of the most perfect liberty, and therefore of the highest prosperity; in a state where the annual produce is such as to afford the greatest possible neat produce, and where each class enjoys its proper share of the whole annual produce. Some subsequent formularies represent the manner, in which, he supposes, this distribution is made in different states of restraint and regulation; in which, either the class of proprietors, or the barren and unproductive class, is more favoured than the class of cultivators, and in which, either the one or the other encroaches more or less upon the share which ought properly to belong to this productive class. Every such encroachment, every violation of that natural distribution, which the most perfect liberty would establish, must, according to this system, necessarily degrade more or less, from one year to another, the value and sum total of the annual produce, and must necessarily occasion a gradual declension in the real wealth and revenue of the society; a declension of which the progress must be quicker or slower, according to the degree of this encroachment, according as that natural distribution, which the most perfect liberty would establish, is more or less violated. Those subsequent formularies represent the different degrees of declension, which, according to this system, correspond to the different

degrees in which this natural distribution of things is violated.

Some speculative physicians seem to have imagined that the health of the human body could be preserved only by a certain precise regimen of diet and exercise, of which every, the smallest, violation necessarily occasioned some degree of disease or disorder proportionate to the degree of the violation. Experience, however, would seem to show, that the human body frequently preserves, to all appearance at least, the most perfect state of health under a vast variety of different regimens; even under some which are generally believed to be very far from being perfectly wholesome. But the healthful state of the human body, it would seem, contains in itself some unknown principle of preservation, capable either of preventing or of correcting, in many respects, the bad effects even of a very faulty regimen. Mr. Quesnai, who was himself a physician, and a very speculative physician, seems to have entertained a notion of the same kind concerning the political body, and to have imagined that it would thrive and prosper only under a certain precise regimen, the exact regimen of perfect liberty and perfect justice. He seems not to have considered that in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political

economy, in some degree both partial and oppressive. Such a political economy, though it no doubt retards more or less, is not always capable of stopping altogether the natural progress of a nation towards wealth and prosperity, and still less of making it go backwards. If a nation could not prosper without the enjoyment of perfect liberty and perfect justice, there is not in the world a nation which could ever have prospered. In the political body, however, the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man; in the same manner as it has done in the natural body, for remedying those of his sloth and intemperance.

The capital error of this system, however, seems to lie in its representing the class of artificers, manufacturers and merchants, as altogether barren and unproductive. The following observations may serve to show the impropriety of this representation.

First, this class, it is acknowledged, reproduces annually the value of its own annual consumption, and continues, at least, the existence of the stock or capital which maintains and employs it. But upon this account alone the denomination of barren or unproductive should seem to be very improperly applied to it. We should not call a marriage barren or unproductive, though it produced only a son and a daughter, to replace the father and mother, and though it did not increase the number of the

human species, but only continued it as it was before. Farmers and country labourers, indeed, over and above the stock which maintains and employs them, reproduce annually a neat produce, a free rent to the landlord. As a marriage which affords three children is certainly more productive than one which affords only two; so the labour of farmers and country labourers is certainly more productive than that of merchants, artificers and manufacturers. The superior produce of the one class, however, does not render the other barren or unproductive.

Secondly, it seems, upon this account, altogether improper to consider artificers, manufacturers and merchants in the same light as menial servants. The labour of menial servants does not continue the existence of the fund which maintains and employs them. Their maintenance and employment is altogether at the expense of their masters, and the work which they perform is not of a nature to repay that expense. That work consists in services which perish generally in the very instant of their performance, and does not fix or realize itself in any vendible commodity which can replace the value of their wages and maintenance. The labour, on the contrary, of artificers, manufacturers and merchants, naturally does fix and realize itself in some such vendible commodity. It is upon this account that, in the chapter in which I treat of productive and unproductive labour, I have classed artificers, manu-

facturers and merchants, among the productive labourers, and menial servants among the barren or unproductive.

Thirdly, it seems, upon every supposition, improper to say, that the labour of artificers, manufacturers and merchants, does not increase the real revenue of the society. Though we should suppose, for example, as it seems to be supposed in this system, that the value of the daily, monthly, and yearly consumption of this class was exactly equal to that of its daily, monthly, and yearly production; yet it would not from thence follow that its labour added nothing to the real revenue, to the real value of the annual produce of the land and labour of the society. An artificer, for example, who, in the first six months after harvest, executes ten pounds' worth of work, though he should in the same time consume ten pounds' worth of corn and other necessaries, yet really adds the value of ten pounds to the annual produce of the land and labour of the society. While he has been consuming a half-yearly revenue of ten pounds' worth of corn and other necessaries, he has produced an equal value of work capable of purchasing, either to himself or to some other person, an equal half-yearly revenue. The value, therefore, of what has been consumed and produced during these six months is equal, not to ten, but to twenty pounds. It is possible, indeed, that no more than ten pounds' worth of this value may ever have existed at any one moment of time. But if the ten pounds' worth of corn and other necessaries, which

were consumed by the artificer, had been consumed by a soldier or by a menial servant, the value of that part of the annual produce which existed at the end of the six months would have been ten pounds less than it actually is in consequence of the labour of the artificer. Though the value of what the artificer produces, therefore, should not at any one moment of time be supposed greater than the value he consumes, yet at every moment of time the actually existing value of goods in the market is, in consequence of what he produces, greater than it otherwise would be.

When the patrons of this system assert, that the consumption of artificers, manufacturers and merchants, is equal to the value of what they produce, they probably mean no more than that their revenue, or the fund destined for their consumption, is equal to it. But if they had expressed themselves more accurately, and only asserted, that the revenue of this class was equal to the value of what they produced, it might readily have occurred to the reader, that what would naturally be saved out of this revenue, must necessarily increase more or less the real wealth of the society. In order, therefore, to make out something like an argument, it was necessary that they should express themselves as they have done; and this argument, even supposing things actually were as it seems to presume them to be, turns out to be a very inconclusive one.

Fourthly, farmers and country labourers can no more augment, without parsimony, the real revenue,

the annual produce of the land and labour of their society, than artificers, manufacturers and merchants. The annual produce of the land and labour of any society can be augmented only in two ways; either, first, by some improvement in the productive powers of the useful labour actually maintained within it; or, secondly, by some increase in the quantity of that labour.

The improvement in the productive powers of useful labour depend, first, upon the improvement in the ability of the workman; and, secondly, upon that of the machinery with which he works. But the labour [employments] of artificers and manufacturers, as it is [they are] capable of being more subdivided, and the labour [employment] of each workman reduced to a greater simplicity of operation, than that of farmers and country labourers, so it [labour in such employments] is likewise capable of both these sorts of improvement in a much higher degree*. In this respect, therefore, the class of cultivators can have no sort of advantage over that of artificers and manufacturers.

The increase in the quantity of useful labour actually employed within any society, must depend altogether upon the increase of the capital which employs it; and the increase of that capital again must be exactly equal to the amount of the savings from the revenue, either of the particular persons who manage and direct the employment of that

* See Book I. Chap. I.—A.

capital, or of some other persons who lend it to them. If merchants, artificers and manufacturers are, as this system seems to suppose, naturally more inclined to parsimony and saving than proprietors and cultivators, they are, so far, more likely to augment the quantity of useful labour employed within their society, and consequently to increase its real revenue, the annual produce of its land and labour.

Fifthly and lastly, though the revenue of the inhabitants of every country was supposed to consist altogether, as this system seems to suppose, in the quantity of subsistence which their industry could procure to them; yet, even upon this supposition, the revenue of a trading and manufacturing country must, other things being equal, always be much greater than that of one without trade or manufactures. By means of trade and manufactures, a greater quantity of subsistence can be annually imported into a particular country than what its own lands, in the actual state of their cultivation, could afford. The inhabitants of a town, though they frequently possess no lands of their own, yet draw to themselves by their industry such a quantity of the rude produce of the lands of other people as supplies them, not only with the materials of their work, but with the fund of their subsistence. What a town always is with regard to the country in its neighbourhood, one independent state or country may frequently be with regard to other independent states or countries. It is thus that Holland

draws a great part of its subsistence from other countries; live cattle from Holstein and Jutland, and corn from almost all the different countries of Europe. A small quantity of manufactured produce purchases a great quantity of rude produce. A trading and manufacturing country, therefore, naturally purchases with a small part of its manufactured produce a great part of the rude produce of other countries; while, on the contrary, a country without trade and manufactures is generally obliged to purchase, at the expense of a great part of its rude produce, a very small part of the manufactured produce of other countries. The one exports what can subsist and accommodate but a very few, and imports the subsistence and accommodation of a great number. The other exports the accommodation and subsistence of a great number, and imports that of a very few only. The inhabitants of the one must always enjoy a much greater quantity of subsistence than what their own lands, in the actual state of their cultivation, could afford. The inhabitants of the other must always enjoy a much smaller quantity.

This system, however, with all its imperfections, is, perhaps, the nearest approximation to the truth that has yet been published upon the subject of political economy, and is upon that account well worth the consideration of every man who wishes to examine with attention the principles of that very important science. Though in representing the labour which is employed upon land as the only

productive labour, the notions which it inculcates are perhaps too narrow and confined; yet in representing the wealth of nations as consisting, not in the unconsumable riches of money, but in the consumable goods annually reproduced by the labour of the society; and in representing perfect liberty as the only effectual expedient for rendering this annual reproduction the greatest possible, its doctrine seems to be in every respect as just as it is generous and liberal. Its followers are very numerous; and as men are fond of paradoxes, and of appearing to understand what surpasses the comprehension of ordinary people, the paradox which it maintains, concerning the unproductive nature of manufacturing labour, has not perhaps contributed a little to increase the number of its admirers. They have for some years past made a pretty considerable sect, distinguished in the French republic of letters by the name of The Economists. Their works have certainly been of some service to their country; not only by bringing into general discussion many subjects which had never been well examined before, but by influencing in some measure the public administration in favour of agriculture. It has been in consequence of their representations, accordingly, that the agriculture of France has been delivered from several of the oppressions which it before laboured under. The term during which such a lease can be granted, as will be valid against every future purchaser or proprietor of the land, has been prolonged from nine to twenty-seven years. The

ancient provincial restraints upon the transportation of corn from one province of the kingdom to another, have been entirely taken away, and the liberty of exporting it to all foreign countries has been established as the common law of the kingdom in all ordinary cases. This sect, in their works, which are very numerous, and which treat not only of what is properly called Political Economy, or of the nature and causes of the wealth of nations, but of every other branch of the system of civil government, all follow implicitly, and without any sensible variation, the doctrine of Mr. Quesnai. There is, upon this account, little variety in the greater part of their works. The most distinct and best connected account of this doctrine is to be found in a little book written by Mr. Mercier de la Riviere, some time Intendant of Martinico, entitled The natural and essential Order of Political Societies. The admiration of this whole sect for their master, who was himself a man of the greatest modesty and simplicity, is not inferior to that of any of the ancient philosophers for the founders of their respective systems. "There have been, since the world began," says a very diligent and respectable author, the Marquis de Mirabeau, "three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. The first, is the invention of writing, which alone gives human nature the power of transmitting, without alteration, its law, its contracts, its annals, and its discoveries. The

second, is the invention of money, which binds together all the relations between civilized societies. The third, is the Economical table, the result of the other two, which completes them both by perfecting their object; the great discovery of our age, but of which our posterity will reap the benefit."

As the political economy of the nations of modern Europe has been more favourable to manufactures and foreign trade, the industry of the towns, than to agriculture, the industry of the country; so that of other nations has followed a different plan, and has been more favourable to agriculture than to manufactures and foreign trade.

The policy of China favours agriculture more than all other employments. In China, the condition of a labourer is said to be as much superior to that of an artificer, as in most parts of Europe that of an artificer is to that of a labourer. In China, the great ambition of every man is to get possession of some little bit of land, either in property or in lease; and leases are there said to be granted upon very moderate terms, and to be sufficiently secured to the lessees. The Chinese have little respect for foreign trade. Your beggarly commerce! was the language in which the Mandarins of Pekin used to talk to Mr. De Lange, the Russian envoy, concerning it.* Except with Japan, the Chinese carry on, themselves, and in their own bottoms, little or no foreign trade; and it is only in one or two ports of their

* See the Journal of Mr. De Lange in Bell's Travels, vol. ii. pp. 258, 276, and 293.—A.

kingdom that they even admit the ships of foreign nations. Foreign trade, therefore, is, in China, every way confined within a much narrower circle than that to which it would naturally extend itself, if more freedom was allowed to it, either in their own ships, or in those of foreign nations.

Manufactures, as in a small bulk they frequently contain a great value, and can upon that account be transported at less expense from one country to another than most parts of rude produce, are, in almost all countries, the principal support of foreign trade. In countries, besides, less extensive and less favourably circumstanced for interior commerce than China, they generally require the support of foreign trade. Without an extensive foreign market, they could not well flourish, either in countries so moderately extensive as to afford but a narrow home market; or in countries where the communication between one province and another was so difficult, as to render it impossible for the goods of any particular place to enjoy the whole of that home market which the country could afford. The perfection of manufacturing industry, it must be remembered, depends altogether upon the division of labour [employments]; and the degree to which the division of labour [employments] can be introduced into any manufacture, is necessarily regulated, it has already been shown, by the extent of the market. But the great extent of the empire of China, the vast multitude of its inhabitants, the variety of climate, and consequently of productions in its different pro-

vinces, and the easy communication by means of water carriage between the greater part of them, render the home market of that country of so great extent, as to be alone sufficient to support very great manufactures, and to admit of very considerable subdivisions of labour [employments]. The home market of China is, perhaps, in extent, not much inferior to the market of all the different countries of Europe put together. A more extensive foreign trade, however, which to this great home market added the foreign market of all the rest of the world, especially if any considerable part of this trade was carried on in Chinese ships, could scarce fail to increase very much the manufactures of China, and to improve very much the productive powers of its manufacturing industry. By a more extensive navigation, the Chinese would naturally learn the art of using and constructing themselves all the different machines made use of in other countries, as well as the other improvements of art and industry which are practised in all the different parts of the world. Upon their present plan they have little opportunity of improving themselves by the example of any other nation, except that of the Japanese.

The policy of ancient Egypt too, and that of the Gentoo government of Indostan, seem to have favoured agriculture more than all other employments.

Both in ancient Egypt and Indostan, the whole body of the people was divided into different castes or tribes, each of which was confined, from father to son, to a particular employment, or class of employ-

ments. The son of a priest was necessarily a priest; the son of a soldier, a soldier; the son of a labourer, a labourer; the son of a weaver, a weaver; the son of a tailor, a tailor; &c. In both countries, the caste of the priests held the highest rank, and that of the soldiers the next; and in both countries, the caste of the farmers and labourers was superior to the castes of merchants and manufacturers.

The government of both countries was particularly attentive to the interest of agriculture. The works constructed by the ancient sovereigns of Egypt for the proper distribution of the waters of the Nile were famous in antiquity; and the ruined remains of some of them are still the admiration of travellers. Those of the same kind which were constructed by the ancient sovereigns of Indostan, for the proper distribution of the waters of the Ganges as well as of many other rivers, though they have been less celebrated, seem to have been equally great. Both countries, accordingly, though subject occasionally to dearths, have been famous for their great fertility. Though both were extremely populous, yet, in years of moderate plenty, they were both able to export great quantities of grain to their neighbours.

The ancient Egyptians had a superstitious aversion to the sea; and as the Gentoo religion does not permit its followers to light a fire, nor consequently to dress any victuals upon the water, it in effect prohibits them from all distant sea voyages. Both the Egyptians and Indians must have depended almost altogether upon the navigation of other nations for

the exportation of their surplus produce; and this dependency, as it must have confined the market, so it must have discouraged the increase of this surplus produce. It must have discouraged too the increase of the manufactured produce more than that of the rude produce. Manufactures require a much more extensive market than the most important parts of the rude produce of the land. A single shoemaker will make more than three hundred pair of shoes in the year; and his own family will not perhaps wear out six pairs. Unless, therefore, he has the custom of at least fifty such families as his own, he cannot dispose of the whole produce of his own labour. The most numerous class of artificers will seldom, in a large country, make more than one in fifty or one in a hundred of the whole number of families contained in it. But in such large countries as France and England, the number of people employed in agriculture has by some authors been computed at a half, by others at a third, and by no author that I know of at less than a fifth of the whole inhabitants of the country. But as the produce of the agriculture of both France and England is, the far greater part of it, consumed at home, each person employed in it must, according to these computations, require little more than the custom of one, two, or, at most, of four such families as his own, in order to dispose of the whole produce of his own labour. Agriculture, therefore, can support itself under the discouragement of a confined market, much better than manufactures. In both ancient

Egypt and Indostan, indeed, the confinement of the foreign market was in some measure compensated by the conveniency of many inland navigations, which opened, in the most advantageous manner, the whole extent of the home market to every part of the produce of every different district of those countries. The great extent of Indostan too rendered the home market of that country very great, and sufficient to support a great variety of manufactures. But the small extent of ancient Egypt, which was never equal to England, must at all times have rendered the home market of that country too narrow for supporting any great variety of manufactures. Bengal, accordingly, the province of Indostan which commonly exports the greatest quantity of rice, has always been more remarkable for the exportation of a great variety of manufactures, than for that of its grain. Ancient Egypt, on the contrary, though it exported some manufactures, fine linen in particular, as well as some other goods was always most distinguished for its great exportation of grain. It was long the granary of the Roman empire.

The sovereigns of China, of ancient Egypt, and of the different kingdoms into which Indostan has at different times been divided, have always derived the whole, or by far the most considerable part, of their revenue from some sort of land-tax or land-rent. This land-tax or land-rent, like the tithe in Europe, consisted in a certain proportion, a fifth, it is said, of the produce of the land, which was either

delivered in kind, or paid in money, according to a certain valuation, and which therefore varied from year to year according to all the variations of the produce. It was natural, therefore, that the sovereigns of those countries should be particularly attentive to the interests of agriculture, upon the prosperity or declension of which immediately depended the yearly increase or diminution of their own revenue.

The policy of the ancient republics of Greece, and that of Rome, though it honoured agriculture more than manufactures or foreign trade, yet seems rather to have discouraged the latter employments, than to have given any direct or intentional encouragement to the former. In several of the ancient states of Greece, foreign trade was prohibited altogether; and in several others the employments of artificers and manufacturers were considered as hurtful to the strength and agility of the human body, as rendering it incapable of those habits which their military and gymnastic exercises endeavoured to form in it, and as thereby disqualifying it more or less for undergoing the fatigues and encountering the dangers of war. Such occupations were considered as fit only for slaves, and the free citizens of the state were prohibited from exercising them. Even in those states where no such prohibition took place, as in Rome and Athens, the great body of the people were in effect excluded from all the trades which are now commonly exercised by the lower sort of the inhabitants of towns. Such trades were, at

Athens and Rome, all occupied by the slaves of the rich, who exercised them for the benefit of their masters, whose wealth, power, and protection made it almost impossible for a poor freeman to find a market for his work, when it came into competition with that of the slaves of the rich. Slaves, however, are very seldom inventive; and all the most important improvements, either in machinery, or in the arrangement and distribution of work [employments], which facilitate and abridge labour, have been the discoveries of freemen. Should a slave propose any improvement of this kind, his master would be very apt to consider the proposal as the suggestion of laziness, and of a desire to save his own labour at the master's expense. The poor slave, instead of reward, would probably meet with much abuse, perhaps with some punishment. In the manufactures carried on by slaves, therefore, more labour must generally have been employed to execute the same quantity of work, than in those carried on by freemen. The work of the former must, upon that account, generally have been dearer than that of the latter. The Hungarian mines, it is remarked by Mr. Montesquieu, though not richer, have always been wrought with less expense, and therefore with more profit, than the Turkish mines in their neighbourhood. The Turkish mines are wrought by slaves; and the arms of those slaves are the only machines which the Turks have ever thought of employing. The Hungarian mines are wrought by freemen, who employ a great deal of

machinery, by which they facilitate and abridge their own labour. From the very little that is known about the price of manufactures in the times of the Greeks and Romans, it would appear that those of the finer sort were excessively dear. Silk sold for its weight in gold. It was not, indeed, in those times a European manufacture; and as it was all brought from the East Indies, the distance of the carriage may in some measure account for the greatness of the price. The price, however, which a lady, it is said, would sometimes pay for a piece of very fine linen, seems to have been equally extravagant; and as linen was always either an European, or, at farthest, an Egyptian manufacture, this high price can be accounted for only by the great expense of the labour which must have been employed about it, and the expense of this labour again could arise from nothing but the awkwardness of the machinery which it made use of. The price of fine woollens too, though not quite so extravagant, seems however to have been much above that of the present times. Some cloths, we are told by Pliny, dyed in a particular manner, cost a hundred denarii, or three pounds six shillings and eightpence the pound weight*. Others dyed in another manner cost a thousand denarii the pound weight, or thirty-three pounds six shillings and eightpence. The Roman pound, it must be remembered, contained only twelve of our avoirdupois ounces. This high price, indeed, seems to have been principally owing

* Plin., l. ix., c. 39.—A.

to the dye. But had not the cloths themselves been much dearer than any which are made in the present times, so very expensive a dye would not probably have been bestowed upon them. The disproportion would have been too great between the value of the accessory and that of the principal. The price mentioned by the same* author of some Triclinaria, a sort of woollen pillows or cushions made use of to lean upon as they reclined upon their couches at table, passes all credibility; some of them being said to have cost more than thirty thousand, others more than three hundred thousand pounds. This high price too is not said to have arisen from the dye. In the dress of the people of fashion of both sexes, there seems to have been much less variety, it is observed by Doctor Arbuthnot, in ancient than in modern times; and the very little variety which we find in that of the ancient statues confirms his observation. He infers from this, that their dress must upon the whole have been cheaper than ours: but the conclusion does not seem to follow. When the expense of fashionable dress is very great, the variety must be very small. But when, by the improvements in the productive powers of manufacturing art and industry, the expense of any one dress comes to be very moderate, the variety will naturally be very great. The rich not being able to distinguish themselves by the expense of any one dress, will naturally endeavour to do so by the multitude and variety of their dresses.

The greatest and most important branch of the

* Plin., l. viii., c. 48.—A.

commerce of every nation, it has already been observed, is that which is carried on between the inhabitants of the town and those of the country. The inhabitants of the town draw from the country the rude produce which constitutes both the materials of their work and the fund of their subsistence; and they pay for this rude produce by sending back to the country a certain portion of it manufactured and prepared for immediate use. The trade which is carried on between these two different sets of people, consists ultimately in a certain quantity of rude produce exchanged for a certain quantity of manufactured produce. The dearer the latter, therefore, the cheaper the former; and whatever tends in any country to raise the price of manufactured produce, tends to lower that of the rude produce of the land, and thereby to discourage agriculture. The smaller the quantity of manufactured produce which any given quantity of rude produce, or, what comes to the same thing, which the price of any given quantity of rude produce is capable of purchasing, the smaller the exchangeable value of that given quantity of rude produce; the smaller the encouragement which either the landlord has to increase its quantity by improving, or the farmer by cultivating the land. Whatever, besides, tends to diminish in any country the number of artificers and manufacturers, tends to diminish the home market, the most important of all markets for the rude produce of the land, and thereby still further to discourage agriculture.

Those systems, therefore, which preferring agri-

culture to all other employments, in order to promote it, impose restraints upon manufactures and foreign trade, act contrary to the very end which they propose, and indirectly discourage that very species of industry which they mean to promote. They are so far, perhaps, more inconsistent than even the mercantile system. That system, by encouraging manufactures and foreign trade more than agriculture, turns a certain portion of the capital of the society from supporting a more advantageous, to support a less advantageous species of industry. But still it really and in the end encourages that species of industry which it means to promote. Those agricultural systems, on the contrary, really and in the end discourage their own favourite species of industry.

It is thus that every system which endeavours, either, by extraordinary encouragements, to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it; or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems either of preference or of restraint,

therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to

any individual or small number of individuals, though it may frequently do much more than repay it to a great society.

The proper performance of those several duties of the sovereign necessarily supposes a certain expense; and this expense again necessarily requires a certain revenue to support it. In the following book, therefore, I shall endeavour to explain; first, what are the necessary expenses of the sovereign or commonwealth; and which of those expenses ought to be defrayed by the general contribution of the whole society; and which of them, by that of some particular part only, or of some particular members of the society: secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society, and what are the principal advantages and inconveniences of each of those methods; and, thirdly, what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue, or to contract debts, and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society. The following book, therefore, will naturally be divided into three chapters.



APPENDIX.

THE two following accounts are subjoined in order to illustrate and confirm what is said in the fifth chapter of the fourth book, concerning the Tonnage Bounty to the White Herring Fishery. The reader, I believe, may depend upon the accuracy of both accounts.

An Account of Busses fitted out in Scotland for eleven Years, with the Number of empty Barrels carried out, and the Number of Barrels of Herrings caught; also the Bounty at a Medium on each Barrel of Seasteeks, and on each Barrel when fully packed.

Years.	Number of Busses.	Empty Barrels carried out.	Barrels of Herrings caught.	Bounty paid on the Busses.		
				£.	s.	d.
1771	29	5,948	2,832	2,085	0	0
1772	168	41,316	22,237	11,055	7	6
1773	190	42,333	42,055	12,510	8	6
1774	248	59,303	56,365	16,952	2	6
1775	275	69,144	52,879	19,315	15	0
1776	294	76,329	51,863	21,290	7	6
1777	240	62,679	43,313	17,592	2	6
1778	220	56,390	40,958	16,316	2	6
1779	206	55,194	29,367	15,287	0	0
1780	181	48,315	19,885	13,445	12	6
1781	135	33,992	16,593	9,613	12	6
Total	2186	550,943	378,347	155,463	11	0

Bounty at a medium for each barrel of seasteeks	£0	8	2¼
But a barrel of seasteeks being only reckoned two-thirds of a barrel fully packed, one-third is deducted, which brings the bounty to	£0	12	3¼
Seasteeks . . 378,347			
One-third deducted . 126,115¾			
Barrels full packed . 252,231¼			
And if the herrings are exported, there is besides a premium of	0	2	8
So that the bounty paid by Government in money for each barrel, is	£0	14	11¼
But if to this the duty of the salt usually taken credit for as expended in curing each barrel, which at a medium is of foreign, one bushel and one-fourth of a bushel, at 10*s.* a bushel, be added, viz.	0	12	6
The bounty on each barrel would amount to	£1	7	5¼

If the herrings are cured with British salt, it will stand thus, viz.:—

Bounty as before	£0	14	11¼
But if to this bounty the duty on two bushels of Scots salt, at 1*s.* 6*d.* per bushel, supposed to be the quantity at a medium used in curing each barrel, is added, to wit .	0	3	0
The bounty on each barrel will amount to	£0	17	11¼

And when buss herrings are entered for home consumption in Scotland, and pay the shilling a barrel of duty, the bounty stands thus, to wit:—

As before	£0	12	3¾
From which the shilling a barrel is to be deducted	0	1	0
	£0	11	3¾
But to that there is to be added again, the duty of the foreign salt used in curing a barrel of herrings, viz.	0	12	6
So that the premium allowed for each barrel of herrings entered for home consumption is	£1	3	9¾

If the herrings are cured with British salt, it will stand as follows, viz.:—

Bounty on each barrel brought in by the busses as above	£0	12	3¾
From which deduct the shilling a barrel paid at the time they are entered for home consumption	0	1	0
	£0	11	3¾
But if to the bounty the duty on two bushels of Scots salt, at 1*s.* 6*d.* per bushel, supposed to be the quantity at a medium used in curing each barrel, is added, to wit .	0	3	0
The premium for each barrel entered for home consumption will be . . .	£0	14	3¾

Though the loss of duties upon herrings exported cannot, perhaps, properly be considered as bounty, that upon herrings entered for home consumption certainly may.

An Account of the Quantity of foreign Salt imported into Scotland, and of Scots Salt delivered duty free from the Works there for the Fishery, from the 5th of April, 1771, to the 5th of April, 1782, with a Medium of both for one Year.

PERIOD.	Foreign Salt imported.	Scots Salt delivered from the Works.
	Bushels.	Bushels.
From the 5th of April, 1771, to the 5th of April, 1782 .	936,974	168,226
Medium for one Year	85,179 4/11	15,293 3/11

It is to be observed that the bushel of foreign salt weighs 84 lbs.; that of British salt 56 lbs. only.

END OF THE THIRD VOLUME.

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